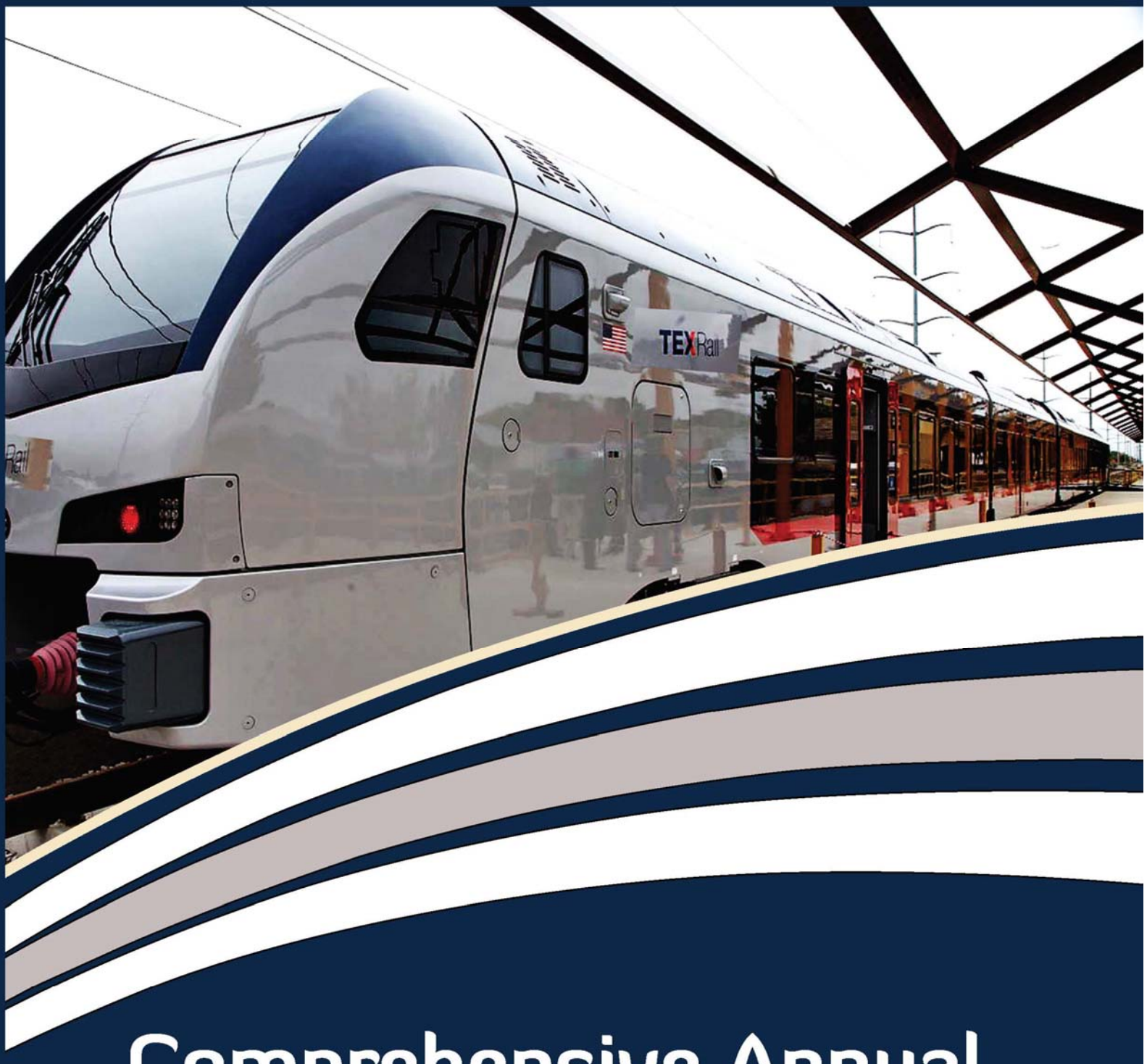

Comprehensive Annual Financial Report

Year Ended September 30, 2018

City of North Richland Hills, Texas

About the cover:

TEXRail is a 27-mile commuter rail project being developed by the Trinity Metro (formerly Fort Worth Transit Authority) and is the new passenger rail service for Tarrant County. It spans from downtown Fort Worth to DFW Airport and includes two stations in North Richland Hills. Transit service began December 31, 2018.

Cover Designed by
Budget and Research Department
City of North Richland Hills, Texas

CITY OF NORTH RICHLAND HILLS, TEXAS

Comprehensive Annual Financial Report
Year Ended September 30, 2018

City Officials

Oscar Trevino
Mayor

Mike Benton
Place 5
Mayor Pro Tem

Tito Rodriguez
Place 1

Rita Wright Oujesky
Place 2

Tom Lombard
Place 3

Brent Barrow
Place 4

Scott Turnage
Place 6

Tim Welch
Place 7

Mark Hindman
City Manager

Paulette Hartman
Deputy City Manager

Karen Bostic
Assistant City Manager

Jimmy Perdue
Director of Public Safety

Mike Curtis
Managing Director for Development Services

Mark Mills
Director of Finance

Prepared by: Finance Department

NORTH RICHLAND HILLS
City of Choice

ACKNOWLEDGEMENTS

The Comprehensive Annual Financial Report was prepared by the Department of Finance, Office of Accounting:

Karen Bostic
Assistant City Manager

Mark Mills, CGFO
Director of Finance

Financial Reporting Staff:

Glenn Mizell, CMA, PMP, CGFO, Assistant Director
Amanda Brown, Accountant II
Andrew MacNeal, Accountant II
Amanda Townsend, Grants Specialist
Tina Marsden, Accounting Technician
Donna Carman, Accounting Technician
Lisa Ramirez, Accounting Technician

Special appreciation is given to:

Budget and Research Department
Robert Myers, Director
Jennipher Castellanos, CGFO, Senior Budget Analyst
Anne Adiele, Budget Analyst

Human Resources Department
Patrick Hillis, Director
Cameron Rowland, Assistant Director
Ellen Cooper, Human Resources Analyst
Nancy Holcomb, Payroll Specialist
Jody Anderson, Benefits Coordinator
Sabrina Markum, Human Resources Generalist

And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.

CITY OF NORTH RICHLAND HILLS, TEXAS
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NRH

Introductory Section

NRH

NORTH RICHLAND HILLS
NRH
THE CITY OF CHOICE

Department of Finance

February 27, 2019

To the Honorable Mayor, City Council Members, City Manager, and Residents of the City of North Richland Hills, Texas:

We hereby issue the comprehensive annual financial report of the City of North Richland Hills, Texas (the "City") for the fiscal year ended September 30, 2018.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the CPA firm of Whitley Penn, LLP, the City's independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of North Richland Hills

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 69,600 for 2018. The City is also home to over 1,200 commercial and industrial businesses. The third largest city in Tarrant County, North Richland Hills ("NRH") is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 ("Airport Freeway") traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 2,000 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the airport and the Burlington Northern/Santa Fe Intermodal Facility.

The City operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds, Debt Service Funds, Enterprise Funds, and Internal Service Funds. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control – the level at which expenditures/expenses cannot legally exceed the appropriated amount – is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year. Budgetary data for proprietary funds has not been presented since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds are allowed by budget ordinance as passed by the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, comparisons begin on page 85 in

the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

The City continues to grow as all major economic indicators are trending in the right direction and it remains geographically positioned as the main link between bustling downtown Fort Worth and affluent Northeast Tarrant County. Adjacent to the high socioeconomic level cities of Colleyville, Keller and Southlake; the City remains the third largest City in Northeast Tarrant County with approximately 70,000 people, and is likely to reach 80,000 residents by 2030.

Since 2010, the City has grown by 11% in total population, adding over 7,000 residents. This growth rate is parallel to the county rate, which includes the high growth areas of North Fort Worth and the city of Mansfield.

This past year also witnessed continued growth in taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, taxable sales grew by 3.5%, a $35 million increase. This figure is expected to increase in Fiscal Year 2019 as additional business opens along the central sector's Northeast Loop 820 commercial corridor and the far north sector of the City. Taxable property value grew for the 7th straight year, this time over $563.8 million, reaching approximately $5.16 billion in net taxable value. Finally, the City continues steady residential growth, adding another 223 new single-family homes with an average value over $400,000 while approving 295 more lots, keeping the funnel full with over 500 shovel ready lots. Residential growth was 'by new home start' the most amongst Northeast Tarrant County cities.

The City maintains a diverse mix of 1,200 brick and mortar businesses with 14 primary employers representing 5,000 full time jobs within the healthcare, finance, aerospace and supply chain sectors. The City welcomed seven different office based businesses adding 300 professional jobs and absorbing 100,000 square feet of previously vacant office space. These new additions contributed to a reduction of the City's office vacancy rate from 20% to 13% for the year.

The City continues to experience quality commercial development and revitalization thanks to high standards and the ability to adapt and reinvent itself. Notable new businesses include Lumi Snow, Sushi Axiom, Starwood Café, Bonzai Cycle Werx, Falafel Haus and Babe's Chicken Dinner House. Commercial redevelopment is also in progress along Northeast Loop 820 as over 13 acres, representing 20% of the City's highway frontage, is now either for sale or undergoing redevelopment. This redevelopment effort continues with Sweetie Pie's Ribeyes, sister to Babe's Chicken Dinner House (schedule to open in late-2019).

Given the aforementioned economic update, 2019 is projected to be another strong year. The City enjoyed the opening of two separate commuter rail stations. The station sites are surrounded by 160 acres of unimproved property forecasted to develop with a mix of both residential and commercial uses over the next 10 years.

Long-term financial planning

In 2012, NRH voters authorized the construction of a new City Hall. The election authorized $48 million in general obligation debt for the project. The new facility is targeted to be a center of a new economic environment in the oldest part of the city. Located on the site of a former retail mall, the plans provide for mixed use where commercial and multi-family housing stimulate the revitalization of the area. The City Hall project was completed and occupied beginning in March 2016.

In February 2003, the voters authorized the development of 22 street projects (arterial, collector, and residential), two drainage projects, and four municipal facilities projects with the passage of four propositions in the 2003 Bond Election. The authorized election package totaled $37,210,000 for the aforementioned projects. The City Council and management believe development of these projects is needed to improve infrastructure and provide essential services to its citizens.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a favorable bond rating since 1997. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and Council and management priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, facilities, fleet, and information technology support services collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of $3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums were used and continue to re-establish the reserves. In both 2016 and 2017, the City once again experienced significant inflationary costs and extraordinary health claims, which necessitated the use of a portion of the rebuilt reserves. Management instituted procedures to address the rising costs in both active employee and retiree health care costs. These procedures began to take effect and the reserves improved in 2018.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet the majority of its capital replacement needs with the issuance of minimal debt. NRH_2O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations.

Cash management policies and practices

The City's current bank depository contract with JP Morgan Chase Bank, N.A., began on October 1, 2014 and the City has exercised the option to extend the contract for an additional two years with an end date of September 30, 2019. Cash temporarily idle during the year was invested in four public funds investment pools, certificates of deposit, agency and corporate securities, and U.S. Treasury Notes.

The maturities of the investments range from overnight to three years. The average yield for overnight investments for fiscal year 2018 was 1.58%, and the weighted average maturity ("WAM") was 29 days. The average yield on all other investments for fiscal year 2018 (yield at cost) was 1.61% compared to 1.28% for the prior year. The portfolio's WAM for all other investments at the end of the fiscal year was 654 days, which represents a 22-day decrease over last year's WAM of 676 days.

At fiscal year-end approximately 47% of the portfolio was invested beyond one year, 14% was invested for one year or less, and the remaining 39% was invested in the overnight market. The City continues to use the services of PFM Asset Management, LLC as an investment advisor and overseer of the portfolio, which began on October 1, 2009.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of $175,000 per individual per year, and/or $11,267,460 in the aggregate for a 12-month period beginning on January 1, 2018. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

Pension and other post-employment benefits

The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Full-time City employees contribute a fixed percentage of their gross pay (currently 7%). TMRS participants are immediately vested in the funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City has historically provided postretirement health and dental care benefits for certain retirees and their dependents, but as of January 2018, that benefit has begun to be phased out when an individual reaches age 65. As of the current fiscal year, there were 178 retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

Awards

Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to North Richland Hills for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the thirty-fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of

Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In 2018, the City's Purchasing Division earned the annual Achievement of Excellence in Procurement Award from the National Procurement Institute. NRH is one of only 50 agencies in Texas and 68 cities in the United States and Canada to earn the 2018 award. This is the ninth year in a row the City's Purchasing Division has received this recognition.

The City also received an award in 2018 for the Fiscal Year 2018 operating budget. The Distinguished Budget Presentation award was granted to the City for the 28th consecutive year by the GFOA.

Acknowledgments

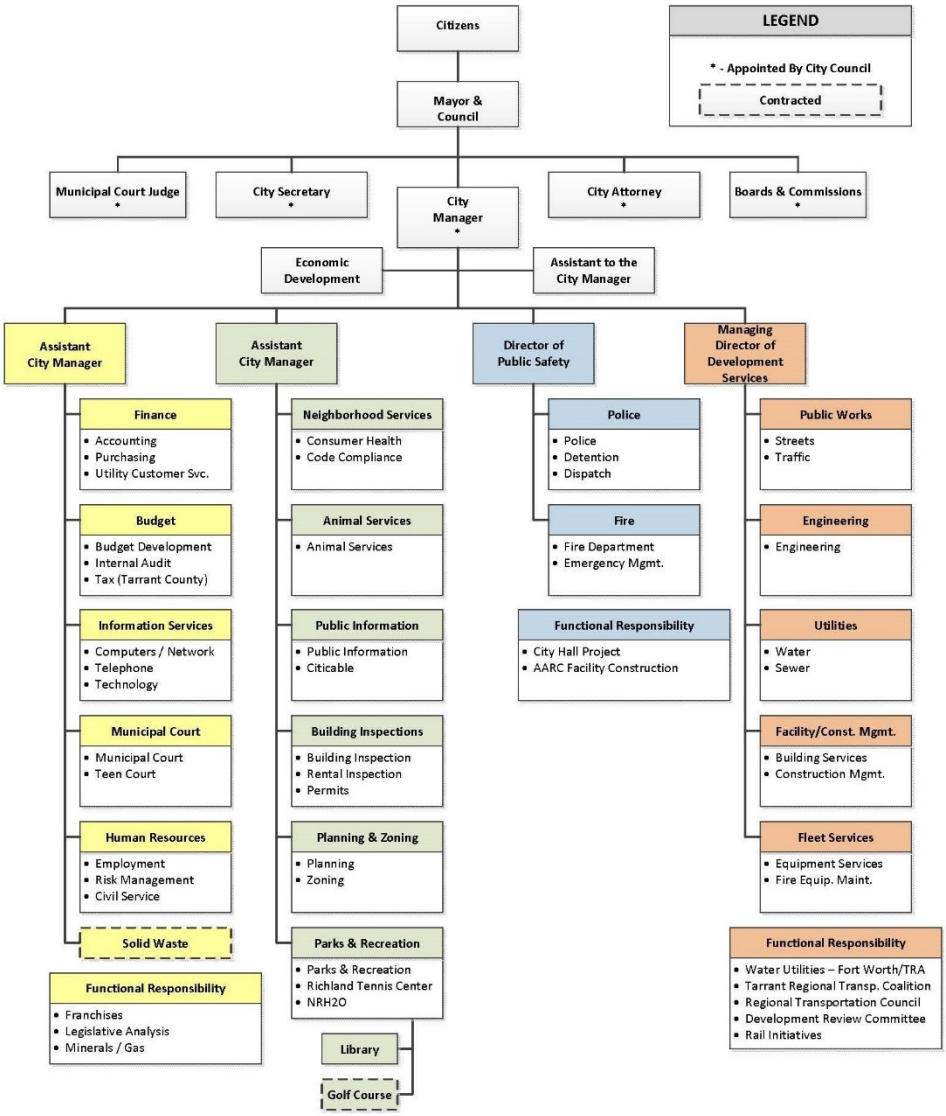
Timely preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the Finance Department, our independent auditors, and other City staff. We would like to express sincere appreciation to those who contributed to the process.

In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,

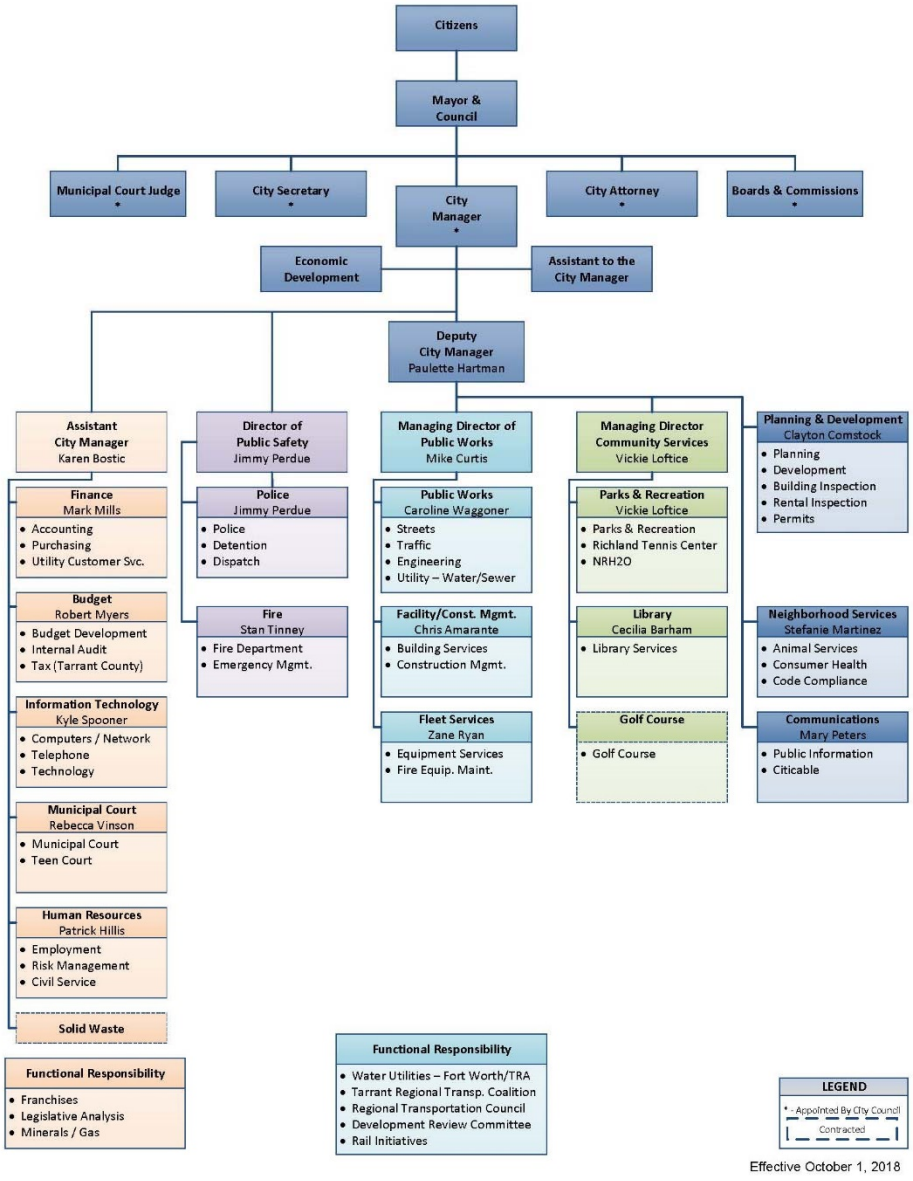
Mark C. Mills
Director of Finance

CITY OF NORTH RICHLAND HILLS, TEXAS
ORGANIZATIONAL CHART EFFECTIVE FEBRUARY 1, 2015
September 30, 2018



Effective: February 1, 2015

CITY OF NORTH RICHLAND HILLS, TEXAS
ORGANIZATIONAL CHART EFFECTIVE OCTOBER 1, 2018



CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL OFFICIALS
Year Ended September 30, 2018

MAYOR	OSCAR TREVINO
MAYOR PRO TEM, COUNCIL MEMBER, PLACE 5	MIKE BENTON
COUNCIL MEMBER, PLACE 1	TITO RODRIGUEZ
COUNCIL MEMBER, PLACE 2	RITA WRIGHT OUJESKY
COUNCIL MEMBER, PLACE 3	TOM LOMBARD
COUNCIL MEMBER, PLACE 4	BRENT BARROW
COUNCIL MEMBER, PLACE 6	SCOTT TURNAGE
COUNCIL MEMBER, PLACE 7	TIM WELCH

City Manager	Mark Hindman
Deputy City Manager	Paulette Hartman
Assistant City Manager	Karen Bostic
Director of Public Safety	Jimmy Perdue
Managing Director of Development Services	Mike Curtis
Managing Director of Community Services	Vickie Loftice
City Secretary	Alicia Richardson
City Attorney	Maleshia McGinnis
Director of Human Resources	Patrick Hillis
Director of Finance	Mark Mills
Director of Budget and Research	Robert Myers
Director of Economic Development	Craig Hulse
Director of Planning	Clayton Comstock
Public Information Officer	Mary Peters
Director of Information Technology	Kyle Spooner
Municipal Court Administrator	Rebecca Vinson
Director of Neighborhood Services	Stefanie Martinez
Library Director	Cecilia Hurt Barham
Fire Chief	Stan Tinney
Public Works Director	Caroline Waggoner
Director of Facilities & Construction	Chris Amarante
Chief Building Official	Dave Pendley

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Richland Hills

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

Financial Section

NRH

whitleypenn

Fort Worth Office
1400 West 7th Street
Suite 400
Fort Worth, Texas 76102
817.259.9100 Main

whitleypenn.com

REPORT OF INDEPENDENT AUDITORS

To the Honorable Mayor and Members of City Council
City of North Richland Hills, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Richland Hills, Texas (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV-C, Note IV-F, and Note IV-H to the financial statements, the City adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of September 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 19, pension information on pages 87 through 88, other post-employment benefit information on page 89, and certain budget to actual schedules on pages 90 through 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, budget to actual schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and budget to actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance and has been issued under separate cover.

Whitley Penn LLP

Fort Worth, Texas
February 27, 2019

NRH

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 22).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2018 by over $313.2 million (net position).
- The City's total net position increased by $47.7 million due to current year activities in fiscal year 2018 from the beginning net position, as restated, of $265.5 million. Additional details of this change may be found beginning on page 24 (Statement of Activities).
- As of September 30, 2018, the City's governmental funds reported combined fund balances of $57,282,213, which represents a decrease of $7.7 million in comparison to the prior fiscal year's ending balance.
- Approximately 35.9% of total governmental fund balance, or $20,563,257, is available for appropriation at the City's discretion (assigned and unassigned fund balance).
- The City's objective regarding fund balance for the General Fund is to maintain a minimum unassigned fund balance to operate the City for a period of 60 days or 15% of the following year's appropriated budgeted expenditures. This objective was met at year end.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $11,959,306 or 26.3% of General Fund actual expenditures, including transfers out, for 2018. This unassigned balance represents 24.7% of the Fiscal Year 2019 adopted budget.
- The City's total debt decreased by approximately $12.3 million during the fiscal year 2018. This is due to scheduled principal payments as there was no additional debt issued during the fiscal year 2018.
- The City's beginning net position was decreased by $59.3 million due to the implementation of GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions,* and increased by $23.1 million due to the addition of capital assets, net of depreciation, added to the City's accounting records as a result of a water and wastewater system inventory. The changes due to GASB 75 does not affect the financial stability of the City nor does it change how the City conducts its financial decision-making. Additional details of the total prior period adjustment of $36.2 million may be found in Note IV-H.

Overview of the Financial Statements

MD&A is intended to introduce the reader to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.

- *Business-type activities* – For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

The government-wide financial statements can be found on pages 22 – 25 of the comprehensive annual financial report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund

information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information presented for *governmental activities* in the government- wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains six major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds (pages 26 - 33). The General Fund, General Debt Service Fund, General Capital Projects Fund, Parks and Recreation Development Fund, Gas Development Fund, and Tax Increment Finance District No. 2 are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements.

- *Proprietary funds* - The objective of proprietary funds is to charge customers, both internal and external, for services provided in an amount sufficient to cover virtually all costs including the replacement of assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City maintains three enterprise funds, which it uses to account for the provision of water and wastewater services, golf course operations, and water park activities. The City has two major proprietary funds: Utility and Aquatic Park. Golf course is considered a non-major fund. Financial statements for the enterprise funds can be found on pages 36 – 39 of the report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 - 83 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was $313,154,383 as of September 30, 2018. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was $225,368,403 and business-type activities total net position was $87,785,980. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

Statement of Net Position – The largest portion of the City's net position (92.2%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2018 and 2017. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position
Amounts shown in thousands ($000's)
As of September 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	$ 79,022	$ 84,637	$ 28,727	$ 27,081	$ 107,749	$ 111,718
Capital assets, net	326,681	318,463	88,155	90,479	414,837	408,942
Total Assets	405,703	403,100	116,883	117,560	522,585	520,660
Total deferred outflows of resources	6,524	12,009	813	1,550	7,337	13,559
Long-term liabilities	155,626	206,919	22,129	27,527	177,755	234,447
Other liabilities	23,694	23,023	6,839	7,524	30,534	30,547
Total liabilities	179,321	229,942	28,968	35,051	208,289	264,994
Total deferred inflows of resources	7,537	3,334	941	423	8,478	3,757
Net Position:						
Net investments in capital assets	214,082	208,509	74,788	76,098	288,870	284,607
Restricted	16,139	11,258	4,260	3,764	20,399	15,022
Unrestricted	(4,852)	(37,934)	8,738	3,774	3,885	(34,161)
Total net position	$ 225,368	$ 181,833	$ 87,786	$ 83,636	$ 313,154	$ 265,468

***** The prior year total net position balances have been restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and the addition of capital assets, net of depreciation, added to the City's accounting records as a result of a water and wastewater system inventory.

Statement of Activities – Governmental activities increased the City of North Richland Hills' net position by $43.5 million in fiscal year 2018, and business-type activities increased net position by $4.2 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2018 and 2017.

Changes in Net Position
Amounts shown in thousands ($000's)
Year Ended September 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Revenues:						
Program revenues:						
Charges for services	$ 12,180	$ 12,741	$ 43,266	$ 38,644	$ 55,447	$ 51,385
Operating grants and contributions	7,086	4,911	-	-	7,086	4,911
Capital grants and contributions	225	1,648	-	-	225	1,648
General revenues:						
Property tax	32,519	29,853	-	-	32,519	29,853
Sales tax	20,520	19,838	-	-	20,520	19,838
Mixed beverage	145	145	-	-	145	145
Franchise taxes	4,093	4,016	-	-	4,093	4,016
Occupancy taxes	302	279	-	-	302	279
Unrestricted investment earnings	396	285	64	75	460	360
Miscellaneous	3,238	638	2,154	157	5,391	795
Total revenue	80,705	74,354	45,484	38,876	126,189	113,230
Expenses:						
General government	7,726	10,056	-	-	7,726	10,056
Public safety	10,115	36,901	-	-	10,115	36,901
Culture and recreation	7,986	13,477	-	-	7,986	13,477
Public works	10,465	11,363	-	-	10,465	11,363
Interest and other fees	3,562	3,743	-	-	3,562	3,743
Utility	-	-	32,041	31,656	32,041	31,656
Aquatic park	-	-	4,045	4,864	4,045	4,864
Golf course	-	-	2,562	2,554	2,562	2,554
Total expenses	39,855	75,540	38,648	39,074	78,503	114,614
Increase (decrease) in net position before transfers	40,850	(1,186)	6,835	(198)	47,686	(1,384)
Transfers between governmental and business-type activities	2,685	4,878	(2,685)	(4,878)	-	-
Net Increase (decrease) in net position	43,536	3,692	4,150	(5,076)	47,686	(1,384)
Net position - beginning of year	235,483	231,791	66,185	71,261	301,668	303,052
Prior period adjustment	(53,650)	(53,650)	17,451	17,451	(36,200)	(36,200)
Net position - end of year	$ 225,368	$ 181,833	$ 87,786	$ 83,636	$ 313,154	$ 265,468

***** Implementation of GASB 75 was effective at the beginning of the 2018 fiscal year and net position was restated due to the addition of capital assets, net of depreciation, added to the City's accounting records as a result of a water and wastewater system inventory. Changes for revenues and expenses relating to these adjustments have not been calculated and are not available for comparison.

Governmental activities – In comparison to fiscal year 2017, overall assets for Governmental Activities increased $2.6 million or 0.6% in 2018. Capital assets, net of depreciation, increased $8.2 million or 2.6% in 2018. This activity was related to capital improvement projects, specifically improvements to streets and roadways. Outstanding debt liabilities decreased by $10.7 million or 9.3% in 2018. The decrease was due to principal repayments for debt held in the governmental funds.

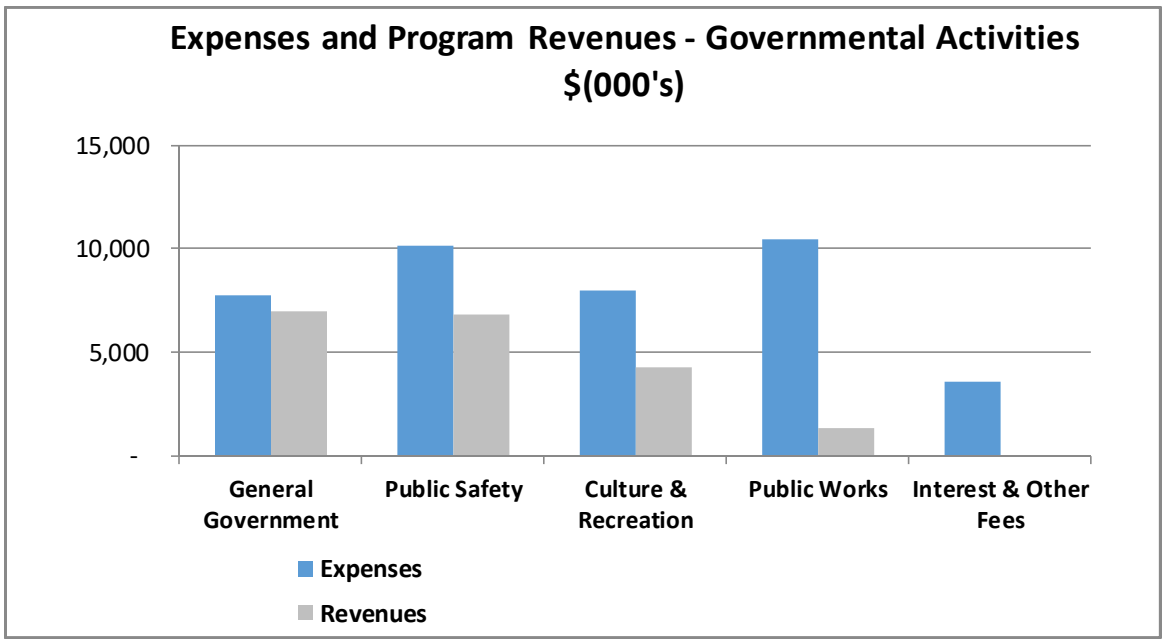
Governmental activities increased the City of North Richland Hills' net position by approximately $43.5 million in fiscal year 2018. The City had an increase in tax revenues of $3.4 million during 2018. Property and Sales tax revenues had the biggest gains of this total with increases of $2.7 million and $0.7 million respectively. Property taxes rose 8.9% due to an increase in the taxable base. This increase was the result of changes in existing values, plus an additional $79.8 million in taxable value from new construction. Of the new construction value increase, residential new construction accounted for roughly 75%, while commercial represented roughly 25%. Sales taxes grew 3.4% due to continued economic recovery,

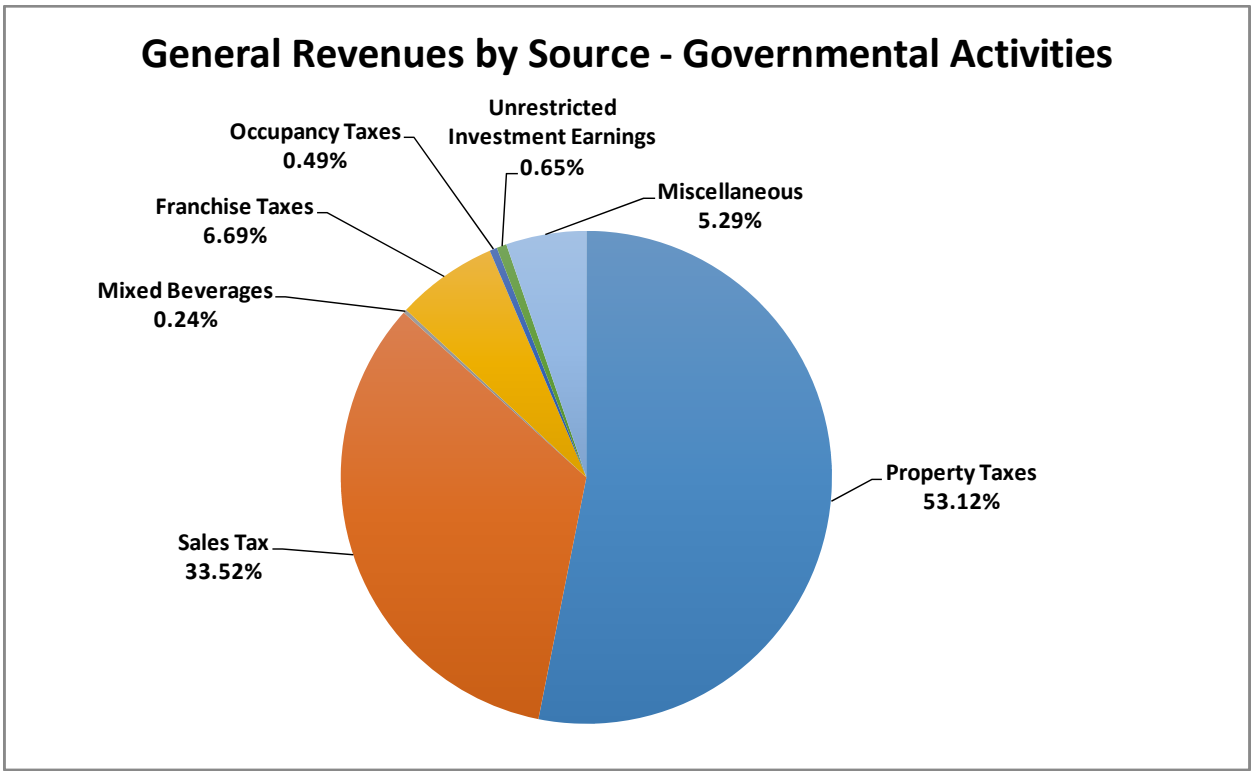
especially from the major interstate corridor construction that caused sales tax revenues to level off in prior years.

The City did experience a slight increase in franchise fees collected from electric and natural gas providers, cable TV and telephone system operators received in 2018 compared to 2017; roughly $77,000.

Charges for services decreased approximately $0.6 million or 4.4% in fiscal year 2018. Operating Grants and Contributions increased approximately $2.2 million or 44.3% in fiscal year 2018. Capital Grants and Contributions decreased approximately $1.4 million or 86.3% in fiscal year 2018. This increase was expected due to continuation of some significant grant capital in the area of General Government, Public Safety and Public Works. Significant projects included the North Texas Anti-Gang Center, the Davis/Mid-Cities Intersection, the reconstruction of Rufe Snow Drive, the realignment of Smithfield/Davis intersection, and the completion of the Northfield Park renovation.

The Governmental activities saw a total decrease in expenses totaling approximately $35.7 million or approximately 47.2% below 2017 levels. The primary cause of the reduction in across the board expenses from 2017 is a one-time charge for OPEB expense. This trend is not expected to continue beyond 2018 with more normal expenditure activity in future years. One non-fund specific expense, Other Post-Employment Benefits ("OPEB"), recognized only in the government-wide and proprietary fund statements, experienced a significant change in reporting from 2017. Like last year, OPEB costs continue to rise but the primary reason for the increase in the liability of $24.9 million, or 193.7%, is a change in the GASB reporting standard which now includes estimates of future costs for 30 years as opposed to previous method of pay as you go. Depreciation expense rose $0.04 million or 0.4%, on net fixed assets of $326.7 million. Debt service interest and other fees expenses decreased by approximately 4.8% or $0.2 million. Refer to the fund level financial analysis section for further details.



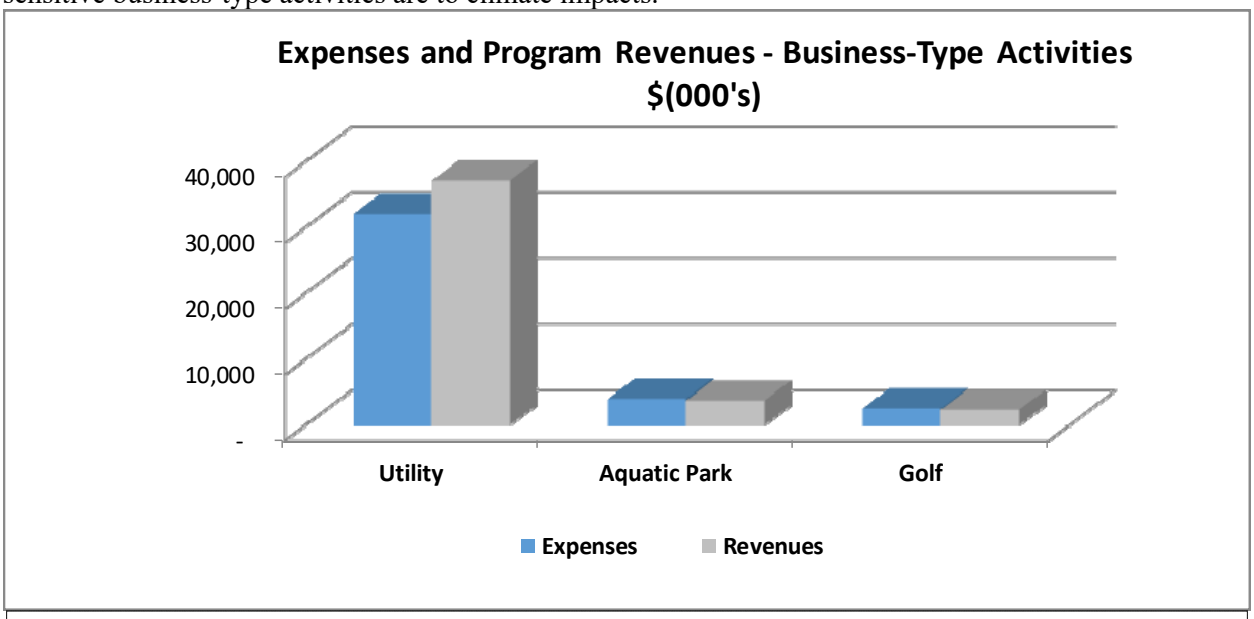


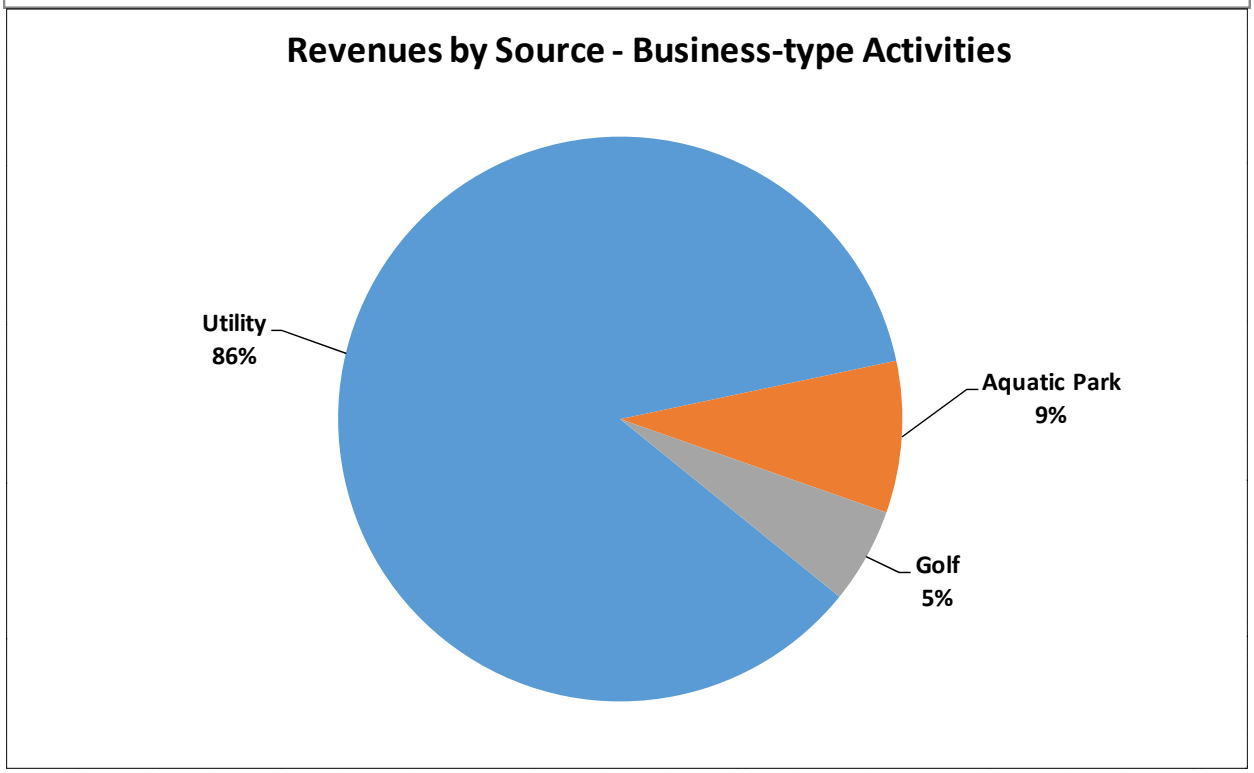
Business-type activities – Business-type activities resulted in an increase to the City's total net position of $4.2 million in 2018. Overall the Utility operations (before non-operating revenues (expenses) and transfers to governmental activities) resulted in an increase in operating income of approximately $7.5 million. Transfers out of the Utility Fund into General Funds totaling $4.5 million, for PILOT fees, indirect fees, and administrative fees, further reduced Business-Type Activities net position. Aquatic Park experienced a decrease in net position (before non-operating revenues (expenses) and transfers to governmental activities) of approximately $30,618. Golf course experienced a decrease in net position (before non-operating revenues (expenses) and transfers to governmental activities) of approximately $183,974. The overall increase for Business-type activities related to Utility fund share was roughly $2.7 million, which is inclusive of transfers out totaling $4.5 million.

Changes in net position for Business-type activities, after non-operating revenues (expenses) and before transfers to governmental activities are as follows. Utility operations experienced an increase in income before transfers of roughly $7.2 million with approximately $2.1 million in asset contribution from development. Aquatic Park experienced a decrease in income before transfers of roughly $0.2 million. The Golf course experienced a decrease in income before transfers of roughly $0.1 million.

The Aquatic Park and Golf course operations are funded by consumers who patronize the facilities of each of these programs. The Aquatic Park saw a decrease in net position because attendance to the park did not meet expectations for the fourth consecutive year. Like Calendar 2017, 2018 was a substantially wet year in North Texas, and the prodigious rainfall drove attendance down. The City expects attendance to rebound in 2019. The Golf Course was also affected by the number of rain days in 2018.

The decrease in net position for the Aquatic and Golf Funds was driven by weather conditions, with wet conditions impacting operations. The Utility Fund experienced higher sales in the early summer heat, which helped mitigate some of the effects of the wet weather. On the whole, the weather demonstrated how sensitive business-type activities are to climate impacts.





Fund Level Financial Analysis

Governmental Funds. The focus of the City of North Richland Hills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City's Council itself, or the designated individual delegated the authority to assign resources for use for particular purposes (Council Designated).

At September 30, 2018, the City's governmental funds reported combined fund balances of $57,282,213, a decrease of $7,738,085 in comparison with prior year. Unassigned fund balance of $11,959,306 is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form ($171,037), 2) legally required to be maintained intact or to be used for a particular purpose ($34,296,458), 3) committed for particular purposes ($2,251,461), or 5) assigned for particular purposes ($8,603,951).

The General Fund is the chief operating fund of the City. For fiscal year 2018, the General Fund unassigned fund balance was $11,959,306 – an increase of $1,275,832. Unassigned fund balance represents approximately 26.9% of total General Fund expenditures for 2018, while total fund balance represents 30.5%. The General Fund balance increase was due primarily to operational savings recognized at year-end.

The General Capital Projects fund decreased governmental fund balance by approximately $14.5 million. The City did not issue any new debt in fiscal year 2018. Of the fund's $17.8 million in expenditures, a significant portion can be attributed to the close out activities associated with the new City Hall project, the renovation of Northfield Park, as well as improvements in the public street network including Smithfield & Davis intersection, Rufe Snow & Mid-Cities improvements, Davis & Mid-Cities improvements, and Meadow Lakes & Rufe Snow intersection improvements.

General Debt Service fund increased governmental fund balance by $29,686. The increase is associated with retirement of debt through principal and interest payments for 2018. The debt service fund had accumulated roughly $1.8 million in fund balance by the end of 2014. City Council and City Management planned a drawdown of these funds to offset transfers out of regular operations for debt service requirements.

Parks and Recreation Development Corporation increased governmental fund balance by $674,552. Part of that increase belongs to the NRH Centre, which experienced an increase to fund balance of $428,343 from activity. The Gas Development fund increased governmental fund balance by $428,343, bringing the Gas Development fund balance to $923,859 for 2018.

Proprietary Funds. The proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and original appropriations. Revenue amendments resulted in an increase of $958,775. Similarly, appropriations also increased $958,775. Modifications were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year. The City continues steady growth, adding another 223 new single-family homes while approving another 295 lots. Although permit activity increased from previous year, the revenue and Licenses and Permits decreased $58,991 due to the inability to charge license permits for mechanical and electrical trades. Based on observed collection trends, Property Taxes were also increased just over $782,691. Fine & Forfeitures decreased by $179,969 based on projections. During the fiscal year, the City experienced lower than anticipated citation issuance, caused by specific activities related to some grant initiatives undertaken by the City and vacant positions.

An area with a modest change in the Revised from the Original Budget was Other Appropriations, which increased $335,083. This change was appropriated for prior year encumbrances and court technology funds.

Final budget compared to actual results. Revenue sources saw negative variances in five categories - property taxes ($81,576 or 0.48%), franchise taxes ($43,367 or 0.86%), fines and forfeitures ($28,259 or 1.41%), charges for services ($53,151 or 2.31%), and intergovernmental ($182,732 or 3.35%). The majority of the negative variance for intergovernmental revenue was due to a $174 thousand indirect cost transfer from Aquatic that management decided not to complete in fiscal year 2018. A positive revenue variance of $314,513 in miscellaneous revenues resulted from the sale of three rental houses. Other categories were revised upward and actual collections exceeded projections. Within Expenditures for the fiscal year, Transfers Out from General Fund exceeded budget ($347,219) as a result of the sale of rental homes. The proceeds were placed in the General Fund and then transferred to the General Capital Projects Fund.

Revenue source	Estimated Revenues	Actual Revenues	Difference
Property taxes	$ 16,944,707	$ 16,863,131	$ (81,576)
Franchise taxes	5,044,070	5,000,703	(43,367)
Fines and forfeitures	2,001,919	1,973,660	(28,259)
Charges for services	2,298,330	2,245,179	(53,151)
Intergovernmental	5,453,195	5,270,463	(182,732)

Expenditures	Estimated Appropriations	Actual Expenses	Difference
Transfers out	$ 264,179	$ 611,398	$ (347,219)

Capital Asset and Debt Administration

Capital assets - At the end of fiscal year 2018, the City had $414.8 million (net of accumulated depreciation) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation for each major category for both governmental and business-type activities for the fiscal years ending September 30, 2018 and 2017.

Capital Assets
(net of Accumulated Depreciation)
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017*	2018	2017*
Land and land improvements	$ 78,545	$ 79,920	$ 2,579	$ 2,579	$ 81,124	$ 82,499
Works of art	310	310	-	-	310	310
Buildings & improvements	98,403	105,890	493	1,575	98,896	107,465
Other improvements	103,489	102,996	13,677	13,275	117,165	116,271
Utility plant	-	-	68,857	68,578	68,857	68,578
Machinery and equipment	12,207	8,464	1,640	1,159	13,847	9,623
Assets held for resale	15	15	-	-	15	15
Construction in progress	33,713	20,868	909	3,313	34,622	24,181
Total capital assets	$326,681	$318,463	$ 88,155	$ 90,479	$414,837	$408,942

* Prior years utility plant amount adjusted for addition of capital assets, net of depreciation, added to the City's accounting records as a result of a water and wastewater system inventory.

This year's major additions included:

Description	Amount
Buildings	$ 64,065
Various Street Improvements	2,765,741
Computer, Machinery, and Equipment	45,261
Various Park Improvements	5,992,440
Various Drainage Improvement	460,957
Various Water/Sewer Replacement & Improvements	4,049,323
Various Vehicles	2,856,493
Various Land Acquisitions	6,951

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed, these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash and cash equivalents in the Statement of Net Position) totaling $26,037,306 for both the Governmental and Business-type activities.

These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets. More information on capital assets can be found in footnote III.C. in the Footnotes to the financial statements.

Debt - At September 30, 2018 and 2017, the City had the following debt outstanding:

Outstanding Debt
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	$ 60,145	$ 66,220	$ 2,340	$ 2,755	$ 62,485	$ 68,975
Certificates of obligation	44,825	49,485	12,455	13,615	57,280	63,100
Capital lease	-	-	175	260	175	260
Totals	$104,970	$115,705	$ 14,970	$ 16,630	$119,940	$132,335

The presently outstanding general obligation debt of the City is rated "AA2" by Moody's and "AA+" by S&P. As a home rule city, the City is not limited by law in the amount of debt it may issue. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. For FY 2018, the City's property tax rate is $0.59 per $100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 2.3%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions, an amendment of GASB 27", created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important because the actuarial methods used include strategies for repaying any unfunded actuarial accrued liabilities. Combined with the City's history of making those contributions, it provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information ("RSI"), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2018 of $16,768,993, which is 48.7% of the City's annual covered payroll of $34,436,133 for the 2017 calendar year.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* to be $41,953,549 as of September 30, 2018, a decrease of $8,149,883 from the previous valuation.

Economic Factors and Next Year's Budgets and Rates

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. After working through a struggling economy, the City of North Richland Hills is finally experiencing a stabilization. Given this rise, the budget process has predicted a steady growth in property values and sales tax retail base. For budget year 2018/2019, sales tax receipts are anticipated to be roughly 2% higher than the 2017/2018 actual. Property tax values are anticipated to continue rising due to steady new construction growth plus the stabilization of property values. At this time, the City of North Richland Hills projects a 4-6% growth in property values, though a greater increase is not out of the realm of possibility.

The fiscal year 2019 budget was based on a decrease to the property tax rate from $0.59/$100 to $0.585/$100. For fiscal year 2019 the tax rate distribution amounts for maintenance & operations and interest & sinking (per $100 assessed value) for the City are as follows:

Tax Rate Distribution Schedule	Tax Rate	Tax Rate Distribution
General Fund - Maintenance & Operations	$ 0.327088	$ 17,279,976
Debt Service Fund - Interest & Sinking	0.257912	11,315,208
Total Distribution of tax proceeds	$ 0.585000	$ 28,595,184

By policy, the City maintains an unassigned General fund balance of 15% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.

NRH

Basic Financial Statements

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 10,122,420	$ 269,750	$ 10,392,170
Investments	22,748,430	7,380,502	30,128,932
Receivables, net of allowances:			
Accounts	439,492	4,555,673	4,995,165
Property taxes	276,249	-	276,249
Other taxes	3,920,734	-	3,920,734
Interest receivable	80,553	5,071	85,624
Special assessments	76,966	-	76,966
Intergovernmental	2,471,962	527,720	2,999,682
Other	228,872	-	228,872
Prepaids	225,574	24,121	249,695
Inventories, at cost	286,406	413,932	700,338
Internal balances	(5,218,218)	5,218,218	-
Total current assets	35,659,440	18,394,987	54,054,427
Noncurrent assets:			
Cash and cash equivalents	18,403,275	7,634,031	26,037,306
Investments	24,458,828	2,698,232	27,157,060
Interfund loan receivable	500,000	-	500,000
Capital assets - net:			
Land and nondepreciable land improvements	78,545,166	2,579,137	81,124,303
Buildings and improvements	124,192,250	3,268,726	127,460,976
Improvements other than buildings	213,112,997	28,601,368	241,714,365
Utility plant	-	140,734,785	140,734,785
Machinery and equipment	28,630,642	5,693,608	34,324,250
Artwork and historical treasures	310,208	-	310,208
Assets held for sale	14,612	-	14,612
Construction in progress	33,713,027	909,468	34,622,495
Accumulated depreciation	(151,837,631)	(93,631,833)	(245,469,464)
Total capital assets - net	326,681,271	88,155,259	414,836,530
Total noncurrent assets	370,043,374	98,487,522	468,530,896
Total assets	405,702,814	116,882,509	522,585,323
Deferred Outflows of Resources			
Deferred loss on refunding	478,604	92,864	571,468
Deferred outflows - OPEB	1,996,723	218,413	2,215,136
Deferred outflows - Pension	4,048,286	501,648	4,549,934
Total deferred outflows of resources	6,523,613	812,925	7,336,538

See notes to the financial statements.

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 6,644,365	$ 2,311,039	$ 8,955,404
Deposits and other liabilities	5,182,158	8,656	5,190,814
Customer deposits	-	2,897,392	2,897,392
Retainage payable	785,199	-	785,199
Compensated absences	652,500	77,497	729,997
Unearned revenue	161,606	40,462	202,068
Accrued interest payable	468,501	60,173	528,674
Bonds payable	9,800,000	1,360,000	11,160,000
Capital lease payable	-	84,198	84,198
Total current liabilities	23,694,329	6,839,417	30,533,746
Noncurrent Liabilities:			
Bonds payable	99,949,904	13,832,464	113,782,368
Capital lease payable	-	91,215	91,215
Compensated absences	3,134,292	374,048	3,508,340
Interfund loan payable	-	500,000	500,000
Intergovernmental payables	-	1,150,823	1,150,823
Net OPEB liability	37,816,929	4,136,620	41,953,549
Net pension liability	14,725,329	2,043,664	16,768,993
Total noncurrent labilities	155,626,454	22,128,834	177,755,288
Total liabilities	179,320,783	28,968,251	208,289,034
Deferred Inflows of Resources			
Deferred gain on refunding	98,011	20,517	118,528
Deferred inflows - OPEB	79,462	8,692	88,154
Deferred inflows - Pension	7,359,768	911,994	8,271,762
Total deferred inflows of resources	7,537,241	941,203	8,478,444
Net Position			
Net investment in capital assets	214,081,749	74,787,942	288,869,691
Restricted for:			
Municipal court technology & security	643,223	-	643,223
Franchise peg fees	480,886	-	480,886
Records preservation fees	4,000	-	4,000
Parks and recreation development	2,288,708	-	2,288,708
Crime control district	808,487	-	808,487
Debt service	7,172,341	-	7,172,341
Grants	1,759,380	-	1,759,380
Promotional & economic development	1,939,300	-	1,939,300
Public safety	1,042,624	-	1,042,624
Impact fees restricted for construction	-	4,260,462	4,260,462
Unrestricted	(4,852,295)	8,737,576	3,885,281
Total net position	$ 225,368,403	$ 87,785,980	$ 313,154,383

See notes to the financial statements.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 7,726,396	$ 4,835,477	$ 2,173,793	$ 5,717
Public safety	10,115,202	2,757,133	4,096,597	-
Culture and recreation	7,985,984	3,487,459	815,994	-
Public works	10,465,375	1,100,243	-	219,296
Interest and other fees	3,562,127	-	-	-
Total governmental activities	39,855,084	12,180,312	7,086,384	225,013
Business-Type activities:				
Utility	32,041,219	37,145,864	-	-
Aquatic park	4,044,801	3,759,312	-	-
Golf course	2,562,080	2,361,058	-	-
Total business-type activities	38,648,100	43,266,234	-	-
Total primary government	$ 78,503,184	$ 55,446,546	$ 7,086,384	$ 225,013

See notes to the financial statements.

STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position Governmental Activities	Business-type Activities	Total
Primary Government			
Governmental Activities:			
General government	$ (711,409)	$ -	$ (711,409)
Public safety	(3,261,472)	-	(3,261,472)
Culture and recreation	(3,682,531)	-	(3,682,531)
Public works	(9,145,836)	-	(9,145,836)
Interest and other fees	(3,562,127)	-	(3,562,127)
Total governmental activities	(20,363,375)	-	(20,363,375)
Business-Type activities:			
Utility	-	5,104,645	5,104,645
Aquatic park	-	(285,489)	(285,489)
Golf course	-	(201,022)	(201,022)
Total business-type activities	-	4,618,134	4,618,134
Total primary government	(20,363,375)	4,618,134	(15,745,241)
General revenue:			
Taxes:			
Property	32,519,445	-	32,519,445
Sales	20,519,795	-	20,519,795
Mixed beverage	145,495	-	145,495
Franchise	4,093,150	-	4,093,150
Occupancy	301,835	-	301,835
Unrestricted investment earnings	396,058	63,542	459,600
Miscellaneous	3,237,668	2,153,798	5,391,466
Transfers between governmental and business-type activities	2,685,453	(2,685,453)	-
Total general revenue and transfers	63,898,899	(468,113)	63,430,786
Change in net position	43,535,524	4,150,021	47,685,545
Net position - beginning of year	235,483,061	66,185,358	301,668,419
Prior period adjustment	(53,650,182)	17,450,601	(36,199,581)
Net position - end of year	$ 225,368,403	$ 87,785,980	$ 313,154,383

See notes to the financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2018

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Assets				
Cash and cash equivalents	$ 4,223,219	$ -	$ -	$ 1,217,529
Investments	11,513,011	-	-	1,995,743
Receivables, net of allowance:				
Accounts	336,632	-	-	-
Property taxes	276,249	-	-	-
Other taxes receivable	2,080,445	-	-	884,135
Interest receivable	5,171	3,609	184	896
Special assessments receivable	-	136,681	-	-
Intergovernmental receivables	40,067	-	-	-
Other receivables	130,197	-	-	43,893
Due from other funds	552,308	-	-	-
Prepaid items	29,525	-	-	2,619
Inventories, at cost	126,104	-	-	12,789
Assets limited to use:				
Cash and cash equivalents	-	8,351,410	500,651	897,152
Investments	-	8,034,886	409,531	-
Total assets	$ 19,312,928	$ 16,526,586	$ 910,366	$ 5,054,756
Liabilities				
Accounts payable	$ 1,070,519	$ 3,550,138	$ -	$ 52,987
Retainage payable	-	735,199	-	-
Accrued liabilities	1,104,690	-	-	122,919
Intergovernmental payables	-	-	-	-
Deposits and other liabilities	2,962,744	729,865	-	51,282
Due to other funds	-	-	-	-
Unearned revenue	81,740	-	-	158,674
Total liabilities	5,219,693	5,015,202	-	385,862
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	288,807	-	-	-
Unavailable revenue - property taxes	276,249	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - assessments	-	136,681	-	-
Total deferred inflows of resources	565,056	136,681	-	-

See notes to the financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2018

	Gas Development	Tax Increment Finance District #2	Other Governmental	Total Governmental
Assets				
Cash and cash equivalents	$ 335,530	$ -	$ 1,471,475	$ 7,247,753
Investments	542,196	-	2,318,337	16,369,287
Receivables, net of allowance:				
Accounts	-	-	104,333	440,965
Property taxes	-	-	-	276,249
Other taxes receivable	-	-	956,154	3,920,734
Interest receivable	244	2,871	3,611	16,586
Special assessments receivable	-	-	-	136,681
Intergovernmental receivables	-	-	2,431,895	2,471,962
Other receivables	49,884	-	-	223,974
Due from other funds	-	-	-	552,308
Prepaid items	-	-	-	32,144
Inventories, at cost	-	-	-	138,893
Assets limited to use:				
Cash and cash equivalents	-	5,022,482	1,732,762	16,504,457
Investments	-	6,390,990	6,460,788	21,296,195
Total assets	$ 927,854	$ 11,416,343	$ 15,479,355	$ 69,628,188
Liabilities				
Accounts payable	$ 3,995	$ -	$ 151,890	4,829,529
Retainage payable	-	-	50,000	785,199
Accrued liabilities	-	-	163,314	1,390,923
Intergovernmental payables	-	-	98,204	98,204
Deposits and other liabilities	-	-	3	3,743,894
Due to other funds	-	-	552,308	552,308
Unearned revenue	-	-	-	240,414
Total liabilities	3,995	-	1,015,719	11,640,471
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	-	-	-	288,807
Unavailable revenue - property taxes	-	-	-	276,249
Unavailable revenue - grants	-	-	3,767	3,767
Unavailable revenue - assessments	-	-	-	136,681
Total deferred inflows of resources	-	-	3,767	705,504

See notes to the financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2018

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Fund Balance				
Nonspendable:				
Inventories	$ 126,104	$ -	$ -	$ 12,789
Prepaids	29,525	-	-	2,619
Restricted:				
Municipal court technology & security	643,223	-	-	-
Franchise peg fees	480,886	-	-	-
Record preservation fee	4,000	-	-	-
Parks and recreation development	-	-	-	2,288,708
Crime control district	-	-	-	-
Debt service	-	-	910,366	-
Grants	-	-	-	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	5,564,919	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Assigned:				
Recreation centre	-	-	-	2,364,778
Capital projects	-	5,809,784	-	-
Purchases on order	285,135	-	-	-
Unassigned	11,959,306	-	-	-
Total fund balance	13,528,179	11,374,703	910,366	4,668,894
Total liabilities, deferred inflows and fund balance	$ 19,312,928	$ 16,526,586	$ 910,366	$ 5,054,756

See notes to the financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2018

	Gas Development	Tax Increment Finance District #2	Other Governmental	Total Governmental
Fund Balance				
Nonspendable:				
Inventories	$ -	$ -	$ -	$ 138,893
Prepaids	-	-	-	32,144
Restricted:				
Municipal court technology & security	-	-	-	643,223
Franchise peg fees	-	-	-	480,886
Record preservation fee	-	-	-	4,000
Parks and recreation development	-	-	-	2,288,708
Crime control district	-	-	808,487	808,487
Debt service	-	-	6,730,476	7,640,842
Grants	-	-	1,759,380	1,759,380
Promotional & economic development	-	-	1,939,300	1,939,300
Public safety	-	-	1,042,624	1,042,624
Capital projects (bond funded)	-	11,416,343	707,746	17,689,008
Committed:				
Donations	-	-	660,858	660,858
Drainage Utility	-	-	666,744	666,744
Gas development	923,859	-	-	923,859
Assigned:				
Recreation centre	-	-	-	2,364,778
Capital projects	-	-	-	5,809,784
Purchases on order	-	-	144,254	429,389
Unassigned	-	-	-	11,959,306
Total fund balance	923,859	11,416,343	14,459,869	57,282,213
Total liabilities, deferred inflows and fund balance	$ 927,854	$ 11,416,343	$ 15,479,355	$ 69,628,188

See notes to the financial statements.

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2018

Total Fund balances - governmental funds	$	57,282,213
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities resources (excluding internal service capital assets) are not financial resources and, therefore, are not reported as net positions in governmental funds.		323,451,060
Certain receivables are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		705,504
Internal service funds are used by the City's management for building and vehicle support services, self insurance, and information services. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds, net of amounts included in business type activities, are included with governmental activities in the Statement of Net Position but are not included at the fund level.		6,847,300
Long-term liabilities and related deferred inflows and outflows, including bonds payable, accrued interest payable, compensated absences, other post employment benefits, and net pension liability, are not due and payable in this current period and, therefore, are not reported as liabilities in the funds.		(162,917,674)
Total net position - governmental activities	$	225,368,403

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended September 30, 2018

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Revenues				
Taxes	$ 30,893,933	$ -	$ 10,683,052	$ 5,140,554
Licenses and permits	2,150,745	-	-	-
Charges for services	1,911,343	10,766	-	3,291,161
Gas utility leases and royalties	-	-	-	-
Fines	1,973,660	-	-	-
Contributions	2,203	-	-	150,500
Special assessments	-	8,764	-	-
Investment income	43,024	233,432	8,412	27,911
Intergovernmental	2,698,937	-	82,853	-
Forfeitures	-	-	-	-
Miscellaneous	147,689	-	-	159,718
Total revenues	39,821,534	252,962	10,774,317	8,769,844
Expenditures				
General government	9,941,087	-	-	-
Public safety	27,493,637	-	-	-
Culture and recreation	3,697,149	-	-	6,328,312
Public works	3,127,006	-	-	-
Capital outlay:				
General government	90,463	5,180,618	-	-
Public safety	40,444	2,809	-	-
Culture and recreation	1,875	5,341,363	-	126,370
Public works	-	7,287,479	-	-
Debt service:				
Principal retirement	-	-	8,350,000	-
Interest and fiscal charges	-	-	3,384,990	-
Total expenditures	44,391,661	17,812,269	11,734,990	6,454,682
Excess (deficiency) of revenues over expenditures	(4,570,127)	(17,559,307)	(960,673)	2,315,162
Other Financing Sources (Uses)				
Proceeds from sale of assets	386,586	2,299,962	-	656
Transfers in	6,804,666	3,296,313	990,359	487,102
Transfers out	(1,112,760)	(2,565,207)	-	(2,128,368)
Total other financing sources (uses)	6,078,492	3,031,068	990,359	(1,640,610)
Net change in fund balance (deficit)	1,508,365	(14,528,239)	29,686	674,552
Fund balance (deficit) - beginning of year	12,019,814	25,902,942	880,680	3,994,342
Fund balance - end of year	$ 13,528,179	$ 11,374,703	$ 910,366	$ 4,668,894

See notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended September 30, 2018

	Gas Development	Tax Increment Finance District #2	Other Governmental	Total Governmental
Revenues				
Taxes	$ -	$ -	$ 10,737,582	$ 57,455,121
Licenses and permits	-	-	-	2,150,745
Charges for services	-	-	1,873,595	7,086,865
Gas utility leases and royalties	555,185	-	-	555,185
Fines	-	-	-	1,973,660
Contributions	-	-	276,274	428,977
Special assessments	-	-	-	8,764
Investment income	-	41,789	31,052	385,620
Intergovernmental	-	-	4,110,910	6,892,700
Forfeitures	-	-	86,783	86,783
Miscellaneous	-	-	26,196	333,603
Total revenues	555,185	41,789	17,142,392	77,358,023
Expenditures				
General government	24,415	-	293,707	10,259,209
Public safety	-	-	7,116,995	34,610,632
Culture and recreation	-	-	309,918	10,335,379
Public works	-	-	66,922	3,193,928
Capital outlay:				
General government	2,427	-	-	5,273,508
Public safety	-	-	479,671	522,924
Culture and recreation	-	-	501,075	5,970,683
Public works	-	-	517,447	7,804,926
Debt service:				
Principal retirement	-	-	2,395,000	10,745,000
Interest and fiscal charges	-	-	556,475	3,941,465
Total expenditures	26,842	-	12,237,210	92,657,654
Excess (deficiency) of revenues over expenditures	528,343	41,789	4,905,182	(15,299,631)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	25,492	2,712,696
Transfers in	-	-	602,510	12,180,950
Transfers out	(100,000)	-	(1,425,765)	(7,332,100)
Total other financing sources (uses)	(100,000)	-	(797,763)	7,561,546
Net change in fund balance (deficit)	428,343	41,789	4,107,419	(7,738,085)
Fund balance (deficit) - beginning of year	495,516	11,374,554	10,352,450	65,020,298
Fund balance - end of year	$ 923,859	$ 11,416,343	$ 14,459,869	$ 57,282,213

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

Net change in fund balance - total governmental funds	$ (7,738,085)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,817,431
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase/(decrease) net position.	315,480
Certain deferred inflows of resources were earned in prior year but not yet available for fund level activity. This increase/(decrease) is due to the deferred inflows becoming available in current year.	128,513
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. The current year change in those liabilities is reported as expense in the statement of activities. Expenses recorded for accrual of interest and amortization expense are included in this category.	28,956,480
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received.	11,146,785
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities (exclusive of capital assets and debt).	2,908,920
Change in net position of governmental activities.	$ 43,535,524

See notes to the financial statements.

NRH Sounds of Spring provides six weekly concerts at the NRH City Hall with free live music by some of the region's best live performers under the starts.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2018

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
Assets					
Current Assets:					
Cash and cash equivalents	$ 269,750	$ -	$ -	$ 269,750	$ 2,874,667
Investments	7,147,816	144,296	88,390	7,380,502	6,379,143
Accounts receivable, net of allowances:					
Billed	2,858,838	-	-	2,858,838	-
Unbilled	1,640,527	-	-	1,640,527	-
Other	-	28,061	28,247	56,308	3,425
Interest receivable	4,423	425	223	5,071	4,252
Intergovernmental receivable	527,720	-	-	527,720	-
Interfund receivable	-	-	-	-	-
Prepaid items	7,094	-	17,027	24,121	193,430
Inventories, at cost	270,190	30,583	113,159	413,932	147,513
Total current assets	12,726,358	203,365	247,046	13,176,769	9,602,430
Noncurrent assets:					
Cash and cash equivalents	7,452,846	906	180,279	7,634,031	1,898,818
Investments	2,698,232	-	-	2,698,232	3,162,633
Interfund loan receivable	-	-	-	-	500,000
Capital assets - net:					
Land	75,366	745,771	1,758,000	2,579,137	-
Buildings and improvements	-	2,465,964	802,762	3,268,726	53,976
Other improvements	-	23,310,781	5,290,587	28,601,368	602,769
Utility plant in service	140,734,785	-	-	140,734,785	-
Machinery and equipment	2,701,569	770,328	2,221,711	5,693,608	10,709,807
Construction in progress	909,468	-	-	909,468	74,894
Accumulated depreciation	(73,648,272)	(13,072,277)	(6,911,284)	(93,631,833)	(8,211,235)
Total capital assets - net	70,772,916	14,220,567	3,161,776	88,155,259	3,230,211
Total noncurrent assets	80,923,994	14,221,473	3,342,055	98,487,522	8,791,662
Total assets	93,650,352	14,424,838	3,589,101	111,664,291	18,394,092
Deferred Outflows of Resources					
Deferred loss on refunding	39,884	40,426	12,554	92,864	-
Deferred outflows - OPEB	186,072	32,341	-	218,413	152,845
Deferred outflows - Pension	429,685	71,963	-	501,648	339,998
Total deferred outflows of resources	655,641	144,730	12,554	812,925	492,843

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2018

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	$ 1,882,631	$ 167,372	$ 82,602	$ 2,132,605	$ 1,669,628
Deposits and other liabilities	103,171	4,324	21,783	129,278	12,875
Customer deposits	2,897,392	-	-	2,897,392	-
Compensated absences	61,528	15,969	-	77,497	58,423
Unearned revenue	-	13,078	85,196	98,274	2,662
Accrued interest payable	32,129	26,448	1,596	60,173	-
Bonds payable	770,000	540,000	50,000	1,360,000	-
Capital lease payable	-	-	84,198	84,198	-
Total current liabilities	5,746,851	767,191	325,375	6,839,417	1,743,588
Noncurrent Liabilities:					
Bonds payable	7,658,415	5,747,336	426,713	13,832,464	-
Capital lease payable	-	-	91,215	91,215	-
Compensated absences	288,575	85,473	-	374,048	258,593
Interfund loan payable	-	500,000	-	500,000	-
Intergovernmental payables	1,150,823	-	-	1,150,823	-
Other post employment benefits obligation	3,524,098	612,522	-	4,136,620	2,894,792
Net pension liability	1,769,524	274,140	-	2,043,664	1,300,248
Total noncurrent labilities	14,391,435	7,219,471	517,928	22,128,834	4,453,633
Total liabilities	20,138,286	7,986,662	843,303	28,968,251	6,197,221
Deferred Inflows of Resources					
Deferred gain on refunding	-	20,517	-	20,517	-
Deferred inflows - OPEB	7,405	1,287	-	8,692	6,082
Deferred inflows - Pension	781,166	130,828	-	911,994	618,114
Total deferred inflows of resources	788,571	152,632	-	941,203	624,196
Net Position					
Net investment in capital assets	64,231,810	7,927,598	2,628,534	74,787,942	3,230,211
Impact fees restricted for construction	4,260,462	-	-	4,260,462	-
Unrestricted net position (deficit)	4,886,864	(1,497,324)	129,818	3,519,358	8,835,307
Total net position (deficit)	$ 73,379,136	$ 6,430,274	$ 2,758,352	82,567,762	$ 12,065,518
	Reconciliation to business-type activities:				
	Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.			5,218,218	
	Net Position of business type activities			$ 87,785,980	

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year Ended September 30, 2018

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
Operating Revenues					
Charges for services:					
Water and sewer service	$ 35,273,429	$ -	$ -	$ 35,273,429	$ -
Service charges	1,059,589	-	-	1,059,589	-
Inspection fees	146,835	-	-	146,835	-
Golf course fees and charges	-	-	2,361,058	2,361,058	-
Aquatic park admissions and services	-	3,759,312	-	3,759,312	-
Other intergovernmental	57,724	-	-	57,724	-
Risk management	-	-	-	-	12,599,932
Facilities and fleet management	-	-	-	-	6,903,484
Information systems management	-	-	-	-	3,103,720
Miscellaneous revenues	2,149,745	52,777	2,838	2,205,360	232,058
Total operating revenues	38,687,322	3,812,089	2,363,896	44,863,307	22,839,194
Operating Expenses					
Claims	-	-	-	-	10,608,129
Contractual services	1,099,321	968,678	-	2,067,999	1,959,903
Water purchases	11,206,231	-	-	11,206,231	-
Wastewater treatment services	5,421,439	-	-	5,421,439	-
Personnel services	3,280,898	1,207,670	-	4,488,568	1,342,786
Golf course sales and service	-	-	2,197,922	2,197,922	-
Repairs and maintenance	5,181,869	162,992	-	5,344,861	2,229,568
Supplies	344,084	588,012	-	932,096	1,129,947
Depreciation	4,634,247	915,355	349,948	5,899,550	686,987
Total operating expenses	31,168,089	3,842,707	2,547,870	37,558,666	17,957,320
Operating income (loss)	7,519,233	(30,618)	(183,974)	7,304,641	4,881,874
Nonoperating revenues (expenses)					
Investment income	54,715	5,946	2,881	63,542	10,438
Interest and fiscal charges	(264,843)	(202,094)	(14,210)	(481,147)	-
Other income	22,195	-	62,958	85,153	213,629
Gain(loss) on disposal of assets	(141,081)	-	4,366	(136,715)	(33,624)
Total nonoperating revenues (expenses)	(329,014)	(196,148)	55,995	(469,167)	190,443
Income (loss) before transfers	7,190,219	(226,766)	(127,979)	6,835,474	5,072,317
Transfers					
Transfers in	-	-	-	-	257,725
Transfers out	(4,492,859)	-	-	(4,492,859)	(613,716)
Total transfers - net	(4,492,859)	-	-	(4,492,859)	(355,991)
Change in net position	2,697,360	(226,766)	(127,979)	2,342,615	4,716,326
Net position - beginning of year	52,378,411	7,509,804	2,886,331	62,774,546	11,357,221
Prior period adjustment	18,303,365	(852,764)	-	17,450,601	(4,008,029)
Net position - end of year	$ 73,379,136	$ 6,430,274	$ 2,758,352	$ 82,567,762	$ 12,065,518

Reconciliation to business-type activities:	
Change in net position of enterprise funds	$ 2,342,615
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.	1,807,406
Change in net position of business type activities	$ 4,150,021

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2018

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
Cash flows from operating activities:					
Receipts from customers	$ 36,652,091	$ 3,748,389	$ 2,354,379	$ 42,754,859	$ -
Receipts from (payments for) interfund services provided	-	500,000	-	500,000	22,115,095
Other operating revenue	1,870,025	52,777	2,838	1,925,640	232,058
Payments to suppliers	(23,525,979)	(1,718,175)	(2,495,900)	(27,740,054)	(16,166,224)
Payments to employees	(5,989,550)	(1,703,694)	-	(7,693,244)	(3,665,621)
Net cash provided by (used for) operating activities	9,006,587	879,297	(138,683)	9,747,201	2,515,308
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	-	257,725
Transfers to other funds	(4,492,859)	-	-	(4,492,859)	(613,716)
Net cash used for noncapital and related financing activities	(4,492,859)	-	-	(4,492,859)	(355,991)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,970,236)	(619,303)	(123,373)	(3,712,912)	(827,431)
Principal paid on capital debt	(849,360)	(701,867)	(128,046)	(1,679,273)	-
Interest paid on capital debt	(259,778)	(201,512)	(12,820)	(474,110)	-
Insurance recovery proceeds	22,195	-	62,958	85,153	213,629
Proceeds from sale of capital assets	207	-	-	207	21,240
Net cash used for capital and related financing activities	(4,056,972)	(1,522,682)	(201,281)	(5,780,935)	(592,562)
Cash flows from investing activities:					
Sale (purchase) of investments	(624,242)	397,607	338,631	111,996	(813,782)
Interest and dividends received	58,730	4,705	2,964	66,399	15,421
Net cash provided by (used for) investing activities	(565,512)	402,312	341,595	178,395	(798,361)
Net increase (decrease) in cash and cash equivalents	(108,756)	(241,073)	1,631	(348,198)	768,394
Cash and cash equivalents, beginning of year	7,831,352	241,979	178,648	8,251,979	4,005,091
Cash and cash equivalents, end of year	$ 7,722,596	$ 906	$ 180,279	$ 7,903,781	$ 4,773,485
Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds					
Cash and cash equivalents - current	$ 269,750	$ -	$ -	$ 269,750	$ 2,874,667
Cash and cash equivalents - noncurrent	7,452,846	906	180,279	7,634,031	1,898,818
Total cash and cash equivalents	$ 7,722,596	$ 906	$ 180,279	$ 7,903,781	$ 4,773,485
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 7,519,233	$ (30,618)	$ (183,974)	$ 7,304,641	$ 4,881,874
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	4,634,247	915,355	349,948	5,899,550	686,987
Other income (expense)				-	-
(Increase) decrease in accounts receivable	52,960	(10,515)	(12,935)	29,510	14,564
(Increase) decrease in intergovernmental receivable	(337,444)	-	-	(337,444)	-
(Increase) decrease in prepaid items	2,054	9,612	(7,721)	3,945	171,613
(Increase) decrease in inventories	23,502	(6,795)	(18,549)	(1,842)	(9,267)
(Increase) decrease in interfund loan receivable	-	-	-	-	(500,000)
(Increase) decrease in OPEB deferred outflows	(186,072)	(32,341)	-	(218,413)	(152,845)
(Increase) decrease in pension deferred outflows	821,627	122,066	-	943,693	590,346
Increase (decrease) in accounts payable	(336,270)	(7,068)	(288,737)	(632,075)	(408,959)
Increase (decrease) in other current liabilities	9,361	(1,037)	(1,520)	6,804	(1,331)
Increase (decrease) in customer deposits	95,776	-	-	95,776	-
Increase (decrease) in compensated absences	38,672	(158)	-	38,514	13,069
Increase (decrease) in unearned revenues	-	6,387	24,805	31,192	2,662
Increase (decrease) in interfund loan payables	-	500,000	-	500,000	-
Increase (decrease) in intergovernmental payables	51,820	-	-	51,820	-
Increase (decrease) in other post employment benefits	(2,675,532)	(465,033)	-	(3,140,565)	(2,197,762)
Increase (decrease) in net pension liability	(1,150,630)	(199,991)	-	(1,350,621)	(945,161)
Increase (decrease) in OPEB deferred inflows	7,405	1,287	-	8,692	6,082
Increase (decrease) in pension deferred inflows	435,878	78,146	-	514,024	363,436
Total adjustments	1,487,354	909,915	45,291	2,442,560	(2,366,566)
Net cash provided by operating activities	$ 9,006,587	$ 879,297	$ (138,683)	$ 9,747,201	$ 2,515,308

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
September 30, 2018

	OPEB Trust
Assets	
Investments, at fair value	
Investment in master trust	$ 1,979,508
Total assets	$ 1,979,508
Net Position	
Restricted for other post employment benefits	$ 1,979,508
Total net position	$ 1,979,508

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended September 30, 2018

	OPEB Trust
Additions	
Contributions:	
Employer	$ 100,000
Net investment income	112,991
Total additions	212,991
Deductions	
Administrative expenses	9,635
Total deductions	9,635
Change in net position	203,356
Net position - beginning	1,776,152
Net position - ending	$ 1,979,508

See notes to the financial statements.

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Note I - Summary of Significant Accounting Policies

The City of North Richland Hills, Texas (the "City") Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation ("PRD") is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District ("CCD") is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Financing District No. 1 ("TIF #1") was created to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development within the zone of TIF #1. In 2008, TIF #1 was expanded to provide funding for intersection improvements and the burial of utility lines to enhance economic revitalization in the area. Tax Increment Financing District #2 ("TIF #2") was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #2. These TIF's meet the criteria for blending as the City Council and TIF Boards are substantially the same. In addition, although other entities are involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF's, and management of the City has day- to-day operational responsibility for the activities of the TIF.

Note I - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Note I - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects. The City has permanently designated this fund as a major governmental fund.

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property. The City has permanently designated this fund as a major governmental fund.

The Tax Increment Financing District #2 provides funding for public improvements that would benefit the participants in and citizens of TIF #2 as well as others in the Metroplex area.

The City reports the following proprietary funds:

The Utility Fund (a major fund) accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund (a major fund) accounts for the operation of NRH_2O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course in the only non-major proprietary fund.

Internal Service Funds account for building maintenance services, fleet management, computer and telephone service, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

Note I - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long term funding of the City's other post-employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post- employment benefits payments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and investments

Deposits consist of cash and cash equivalents. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase.

Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value. The government investment pools, TexSTAR, LOGIC, TexasTERM, and TexPool, operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2018, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity (Note III).

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by City Charter to $1.50 per $100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2018 was $0.59 per $100 of assessed valuation.

Inventories and prepaid items

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Restricted assets

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the balance sheet because their use is limited. The "debt service reserve funds" are used to segregate resources accumulated for outstanding debt. The "construction funds" account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

In the Utility Fund, impact fees are a restriction imposed by the City's governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

Also designated in the Utility Fund are customer deposits. This restriction is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement.

Designated assets

Assets have also been designated by management for the following:

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The "transition" term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. The equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

The Self-Insurance (Internal Service) Fund contains assets used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay when and if the need occurs.

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least $5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life		Capitalization Threshold
Land			$ -
Buildings and improvements	30 years		100,000
Other improvements	30 years		100,000
Water, sewer system and other infrastructure	33 years		100,000
Furniture and fixtures, & certain machinery and equipment	10 years		5,000
Firetrucks and ambulances	20 years		5,000
Other machinery and equipment including vehicles	3-12 years	*	5,000

**Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy.*

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Compensated absences

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees. In the event of termination, an employee will be paid for all unused vacation leave credit upon separation from employment with the City. Employees who are eligible to utilize their accrued vacation but who have not completed their probationary period are not eligible to be paid for unused vacation at the time of separation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. Sick pay is recorded when taken. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

Long-term obligations

In the government-wide financial statements and proprietary funds financial statements, long- term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and losses on bond refundings are deferred and amortized over the life of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

- Deferred outflows of resources for other post-employment benefits ("OPEB") – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the City's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.
- Deferred outflows of resources for pension – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the plan.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The City has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for other post-employment benefits ("OPEB") – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

- Deferred inflows of resources for pension – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City's proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Governmental Fund level statements have deferred inflows from ambulance and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance

Fund balances are reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's Council (the city's highest level of authority),
4. *Assigned* fund balance classification are intended to be identified and authorized for specific purposes by the City's authorized representative by the Council (City Manager) and for other purposes that cannot be classified as restricted or committed,
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy

Fund balances are committed by the City Council under specific resolutions or ordinances which were adopted to restrict the utilization of special revenue sources. Once the resolutions or ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Fund balance reporting as a result of resolutions and ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council resolution to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.
- Gas Development funds are used for specific projects for various reasons such as deemed necessary by city management.

Assigned Fund Balance Policy

Approved by the fund balance policy, the City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds,
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs,
- Encumbrances are purchases procured in the current fiscal year, but will not be delivered or services accomplished until the next fiscal year. This assignment of prior year encumbrances insures resources are available to complete the purchases.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government- wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (excluding internal service capital assets) are not financial resources and, therefore, are not reported as assets in governmental funds." The details of the difference are as follows:

Capital assets, net of depreciation (internal service funds excluded)	$ 289,812,927
Construction in progress (internal funds excluded)	33,638,133
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$ 323,451,060

The second element of that reconciliation explains that "certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds." The details of the difference are as follows:

Unavailable revenue	$ 705,504
Net adjustment to increase fund balance - total governmental funds to arrive at the position - governmental activities	$ 705,504

Another element of that reconciliation explains that "the assets and liabilities of the internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level." The details of the difference are as follows:

Net position, internal service funds combined	$ 12,065,518
Amount allocated to business-type activities	(5,218,218)
Net adjustment to increase fund balance - total governmental funds to arrive at net positions - governmental activities	$ 6,847,300

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (continued)

The last element of that reconciliation explains that "long-term liabilities (excluding internal service funds), including bonds payable and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds." The details of the difference are as follows:

Bonds payable	$ (104,970,000)
Unamortized premiums/discounts on bonds payable	(4,779,904)
Deferred gain on refunding	(98,011)
Deferred loss on refunding	478,604
Accrued interest payable	(468,501)
Compensated absences	(3,469,776)
Net OPEB liability	(34,922,137)
Deferred outflows - OPEB	1,843,878
Deferred inflows - OPEB	(73,380)
Net pension liability	(13,425,081)
Deferred outflows - pension	3,708,288
Deferred inflows - pension	(6,741,654)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$ (162,917,674)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the difference are as follows:

Capital outlay in excess of capitalization threshold	$ 18,571,272
Depreciation expense	(10,753,841)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 7,817,431

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (continued)

The next element of that reconciliation explains that "the net effects of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position." The details of the difference are as follows:

Asset retirements and impairments, net of proceeds	$	(2,806,613)
Capital contributions from developers		3,122,093
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	315,480

The next element of that reconciliation explains that "certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. These differences are the net change in deferred inflows of resources." The current year difference is $128,513.

The next element of that reconciliation explains that "certain long-term liabilities are accrued at the government-wide level but not at the fund level." The details of the difference are as follows: (Excludes Internal Service Funds)

Changes in:		
Accrued interest/interest expense	$	(22,447)
Other post employment benefits obligation		28,283,736
Pension expense		826,472
Compensated absences		(131,281)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	28,956,480

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)

C. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (continued)

Another element of that reconciliation states that "bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received." The details of the difference are as follows: (Excludes Internal Service Funds)

Principal repayments on debt	$	10,745,000
Current year amortization of bond premium, discount, deferred inflows and outflows (gain and loss)		401,785
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	11,146,785

Another element of that reconciliation states that "the net revenue (expense) of internal service funds is reported with governmental activities." The details of the difference are as follows:

Change in net position - internal service funds combined	$	4,716,326
Income (Expenses) reflected in business-type activities		(1,807,406)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	2,908,920

Note III - Detailed Notes on all Funds

A. Deposits and investments

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the statement of net position as "Cash, Cash Equivalents and Investments".

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2018, the bank balances of the City's demand deposits were $10,076,928. Accounts with under $250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been materially collateralized and meet statutes' requirements.

As of September 30, 2018, the City's investment pool portfolio (excluding bank deposits) are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase.

The City's investment pool, excluding fiduciary funds, held the following cash, cash equivalents, and investments as of September 30, 2018:

Cash on hand (petty cash, cashier tills)	$	11,182
Demand Deposit Accounts		9,265,886
Investment Pools		27,152,408
Commercial Paper		2,586,394
U.S. Treasury Notes		32,638,925
U.S. Agencies and Governmental Sponsored Agencies		22,060,673
Total deposits and investments	$	93,715,468

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Investment type acronyms displayed in the following table are defined as follows: FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, FNMA – Federal National Mortgage Association, and USTR – U.S. Treasury Notes. The rating agency acronym is defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's web site.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2018, the City did not own any types of securities other than those permitted by statute.

The government investment pool, TexPool, is carried at amortized cost. LOGIC, TexSTAR, and TexasTERM are carried at net asset value.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. LOGIC and TexSTAR have established a governing board at least partially comprised of pool participants. TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm.

As of September 30, 2018, the City held the following investments:

Investment Type	WAM	Rating	Rating Agency	Carrying Value
Investment Pools:				
TexPool	28	AAAm	S&P	$18,870,236
LOGIC	31	AAAm	S&P	1,790,112
TexSTAR	32	AAAm	S&P	1,588,788
Texas TERM	34	AAAm	S&P	4,903,272
Total Investment Pools				27,152,408
Commercial Paper	77	NR	NR	2,586,394
U.S. Treasuries	742	AA+	S&P	32,638,925
U.S. Agencies and Government Sponsored Entities:				
FHLB	516	AA+	S&P	8,445,618
FHLMC	718	AA+	S&P	5,163,066
FNMA	539	AA+	S&P	8,451,989
Total U.S. Agencies and Government Sponsored Entities				22,060,673
Total Portfolio				$ 84,438,400

In accordance with GASB Statement No. 72, *"Fair Value Measurement and Application,"* the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio's weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent. In conjunction with JP Morgan Chase, the City has exercised the option to accept a Federal Home Loan Bank Irrevocable Standby Letter of Credit, as the first $10,000,000 of collateral.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

Maturity of Collateral	U.S. Treasuries	Other Securities
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on market value of the pledged securities.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than "A" or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Other Post-Employment Benefit ("OPEB") Trust Fund Investments - The City has contracted with Public Agency Retirement Services ("PARS") for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2017 all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of $1,979,508 as of December 31, 2017. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

- Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to insure that exposure to these market fluctuations is appropriate.

- Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collaterization agreement or FDIC insurance.

- Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Recurring Measurements
The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2018				
Investments by fair value level				
U.S. Treasury Obligations	$ 32,638,925	$ -	$ 32,638,925	$ -
U.S. Agency Securities	22,060,673	-	22,060,673	-
Investment in Master Trust	1,979,508	-	-	1,979,508
Commercial Paper	2,586,394	-	2,586,394	-
Total Investments by fair value level	59,265,500	$ -	$ 57,285,992	$ 1,979,508
Investments measured at net asset value				
TexSTAR	1,588,788			
LOGIC	1,790,112			
Texas TERM	4,903,272			
	8,282,172			
Investments measured at amortized cost - TexPool	$18,870,236			
Total investments	$ 86,417,908			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient or amortized cost have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments
Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2018, no investments are held by the City meeting the Level 3 hierarchy classification.

Investments in State Investment Pools
During the year, the City invested in multiple public investment pools, including TexSTAR, LOGIC, TexasTerm, and TexPool. TexSTAR, LOGIC, and TexasTerm are measured at net asset value and are designed to approximate the share value, while TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Note III - Detailed Notes on all Funds (continued)

B. Receivables

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds:

	General	General Capital Projects	General Debt Service	Parks and Recreation Development	Gas Development	Tax Increment Finance District #2	Non-major	Total
Accounts	$ 336,632	$ -	$ -	$ -	$ -	$ -	$ 104,333	$ 440,965
Property taxes	276,249	-	-	-	-	-	-	276,249
Other taxes	1,552,591	-	-	884,135	-	-	956,154	3,392,880
Interest	5,171	3,609	184	896	244	2,871	3,611	16,586
Special assessments	-	136,681	-	-	-	-	-	136,681
Intergovernmental	40,067	-	-	-	-	-	2,431,895	2,471,962
Other	130,197	-	-	43,893	49,884	-	-	223,974
Total	2,340,907	140,290	184	928,924	50,128	2,871	3,495,993	6,959,297
Allowance	(527,854)	-	-	-	-	-	-	(527,854)
Total (net of allowance)	$ 1,813,053	$ 140,290	$ 184	$ 928,924	$ 50,128	$ 2,871	$ 3,495,993	$ 6,431,443

Proprietary Funds:

	Utility	Aquatic Park	Golf	Total	Internal Service
Accounts	$ 4,522,655	$ 28,061	$ 39,676	$ 4,590,392	$ 3,425
Interest	4,423	425	223	5,071	4,252
Intergovernmental	527,720	-	-	527,720	-
Total	5,054,798	28,486	39,899	5,123,183	7,677
Allowance	(23,290)	-	(11,429)	(34,719)	-
Total (net of allowance)	$ 5,031,508	$ 28,486	$ 28,470	$ 5,088,464	$ 7,677

Unearned Revenue

At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
General Fund:	
Escrow deposits	$ 18,263
LEOSE Public Safety proceeds	63,477
Sub-total	$ 81,740
Parks and Recreation Development Corporation:	
Centre and event deposits for future services	$ 158,674
Sub-total	$ 158,674
Business-type activities for unearned revenue is:	
Advanced Payments, Gift Certificates, Store Credit	$ 98,274
Total unearned revenue for enterprise funds	$ 98,274

Note III - Detailed Notes on all Funds (continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Primary Government					
Governmental activities:					
Capital assets, nondepreciable:					
Land	$ 79,920,438	$ -	$ (1,382,223)	$ 6,951	$ 78,545,166
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	20,868,302	17,318,614	(3,129)	(4,470,760)	33,713,027
Total nondepreciable	101,113,560	17,318,614	(1,385,352)	(4,463,809)	112,583,013
Capital assets, depreciable:					
Buildings	130,255,181	64,065	(6,126,996)	-	124,192,250
Other improvements	207,230,484	3,620,917	(179,605)	2,441,201	213,112,997
Machinery and equipment	26,173,542	1,599,786	(1,165,294)	2,022,608	28,630,642
Total depreciable	363,659,207	5,284,768	(7,471,895)	4,463,809	365,935,889
Less accumulated depreciation for:					
Buildings	(24,365,244)	(4,120,850)	2,696,378	-	(25,789,716)
Other improvements	(104,234,768)	(5,758,290)	368,748	-	(109,624,310)
Machinery and equipment	(17,709,975)	(1,561,688)	2,848,058	-	(16,423,605)
Total accumulated depreciation	(146,309,987)	(11,440,828)	5,913,184	-	(151,837,631)
Total depreciable - net	217,349,220	(6,156,060)	(1,558,711)	4,463,809	214,098,258
Governmental activities - net	$ 318,462,780	$ 11,162,554	$ (2,944,063)	$ -	$ 326,681,271

	Beginning Balance, as Restated	Increases	Decreases	Transfers	Ending Balance
Primary Government					
Business-type activities:					
Capital assets, nondepreciable:					
Land	$ 2,579,137	$ -	$ -	$ -	$ 2,579,137
Construction in progress	3,312,735	492,807	(2,896,074)		909,468
Total nondepreciable	5,891,872	492,807	(2,896,074)	-	3,488,605
Capital assets, depreciable:					
Buildings	4,405,053		(1,136,327)		3,268,726
Utility plant	136,671,433	4,661,120	(597,768)		140,734,785
Other improvements	27,982,065	619,303			28,601,368
Machinery and equipment	4,887,422	868,489	(62,303)		5,693,608
Total depreciable	173,945,973	6,148,912	(1,796,398)	-	178,298,487
Less accumulated depreciation for:					
Buildings	(2,829,655)	(73,967)	128,007		(2,775,615)
Utility plant	(68,093,661)	(4,376,556)	592,288		(71,877,929)
Other improvements	(14,707,107)	(1,064,370)	846,629		(14,924,848)
Machinery and equipment	(3,728,603)	(384,657)	59,819		(4,053,441)
Total accumulated depreciation	(89,359,026)	(5,899,550)	1,626,743	-	(93,631,833)
Total depreciable - net	84,586,947	249,362	(169,655)	-	84,666,654
Business-type activities - net	$ 90,478,819	$ 742,169	$ (3,065,729)	$ -	$ 88,155,259

Note III - Detailed Notes on all Funds (continued)

C. Capital assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	2,870,387
Public safety		726,298
Culture and recreation		2,172,495
Public works		4,984,661
Facilities and construction		26,803
Fleet services		571,485
Information systems		88,699
Total depreciation expense - governmental activities	$	11,440,828

Business-type activities:		
Water and sewer	$	4,634,247
Aquatic park		915,355
Golf course		349,948
Total depreciation expense - business-type activities	$	5,899,550

Construction Commitments

The City has active construction projects as of September 30, 2018. The projects include street construction, widening, and streetscaping; as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year-end the City's commitments with contractors were as follows:

	Project Authorization	Expended to September 30, 2018	Committed
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	$ 75,748,144	$ 34,622,495	$ 41,125,649

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$	285,135
Capital projects fund		4,896,882
Total	$	5,182,017

Note III - Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables, and Transfers

At September 30, 2018, current interfund balances consisted of the following:

	Interfund Receivable	Interfund Payable
Governmental:		
General Fund	$ 552,308	$ -
Other governmental	-	552,308
Total governmental funds	$ 552,308	$ 552,308

In fiscal year 2018, the City approved a long-term interfund loan payable to be paid in future years from the Aquatic Park to the Self-Insurance fund. The original amount of the loan was $500,000 and the amount outstanding as of September 30, 2018 was $500,000.

Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfer in:						
	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Other Governmental	Internal Service Funds	Total
Transfers out:							
Governmental:							
General fund	$ -	$ 517,712	$ -	$ 487,102	$ 25,221	$ 82,725	$ 1,112,760
General capital projects	2,021,484	118,700	-	-	425,023	-	2,565,207
Parks and recreation development fund	500,885	871,284	627,685	-	128,514	-	2,128,368
Gas development	-	100,000	-	-	-	-	100,000
Other governmental	114,438	924,901	362,674	-	23,752	-	1,425,765
Subtotal governmental funds	2,636,807	2,532,597	990,359	487,102	602,510	82,725	7,332,100
Proprietary:							
Utility fund	4,167,859	150,000	-	-	-	175,000	4,492,859
Subtotal enterprise funds	4,167,859	150,000	-	-	-	175,000	4,492,859
Internal service funds	-	613,716	-	-	-	-	613,716
Grand total	$ 6,804,666	$ 3,296,313	$ 990,359	$ 487,102	$ 602,510	$ 257,725	$ 12,438,675

Governmental

In 2018, the General Fund received a net transfer of $5,691,906 from other funds in the government. Transfers in of $2,021,484 were received to offset operating and debt service impacts associated with the City Hall project from funds previously set aside for that purpose. Parks and Recreation Development Corporation transferred $500,885 for indirect cost and to cover its portion of a sales tax based economic development incentive. The Crime Control District Fund also provided a transfer of $114,438 for its share of the same sales tax based economic development incentive. The Utility fund transferred $4,167,859 for payment for administration fees, payment in lieu of tax, and franchise fees.

During FY 2018, the General Fund transferred out to other funds a total of $1,112,760. Transfers to General Capital Funds included $517,712 for Streets and Sidewalks and Information Services capital projects. An operational supplement transfer of $487,102 to the NRH Centre and $82,725 was transferred to Informational Services Fund for a position related to the Communications / Detention consolidation. An additional $25,221 was transferred from the General Fund for local required funding for grants.

Note III - Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables, and Transfers (continued)

General Capital Projects received $517,712 from the General Fund for permanent street and sidewalk maintenance, drainage, information services projects, neighborhood reinvestments and facility construction projects. Parks and Recreation Development transferred $871,284, including $205,000 in impact fees, for new park facilities and infrastructure. Drainage Utility Fund transferred $924,901 for drainage projects and Internal Service funds transferred $613,716 for the purchase of machinery and equipment. Utility Fund transferred $150,000 for general economic development projects.

General Debt Service received transfers from self-supporting debt repayment sources each year. Parks and Recreation Development Corporation and Other Governmental transferred $627,685 and $362,674 respectively.

Parks and Recreation Development Corporation received a transfer for the General Fund's annual contribution for Recreation Centre operations in the amount of $487,102.

Non-Major Governmental funds received additional funding for economic development projects from the Parks and Recreation Development Fund in the amount of $128,514. $425,023 was received from the General Capital Projects fund for the required local share for grants.

Proprietary

Internal Service Funds received additional funding to help offset non-capital project related costs above normal operations. Specifically, these transfers went to the Information Technology Fund and were respectively $82,725 (General Fund) and $175,000 (Utility Fund).

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt. The City did not issue any bonds in the current fiscal year.

In prior year, the government defeased certificate of obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2018, the City did not have any defeased bonds outstanding.

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.50%	$ 60,145,000
Business-type activities	2.00 - 5.00%	2,340,000
		$ 62,485,000

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2019	$ 5,770,000	$ 1,901,770	$ 355,000	$ 71,362
2020	5,540,000	1,731,941	305,000	61,804
2021	5,270,000	1,551,075	305,000	54,848
2022	5,080,000	1,377,132	305,000	40,796
2023	4,715,000	1,217,295	300,000	30,486
2024-2028	20,025,000	4,013,520	770,000	62,452
2029-2033	12,905,000	1,153,706	-	-
2034	840,000	17,119	-	-
	$ 60,145,000	$ 12,963,558	$ 2,340,000	$ 321,748

Certificates of Obligation

The City also issues certificates of obligation ("CO's") to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. The bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	1.25 - 5.00%	$ 44,825,000
Business-type activities	1.25 - 5.00%	12,455,000
		$ 57,280,000

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2019	$ 4,030,000	$ 1,694,113	$ 1,005,000	$ 398,159
2020	3,895,000	1,562,682	1,005,000	370,887
2021	3,850,000	1,429,733	960,000	343,760
2022	3,360,000	1,299,489	955,000	315,975
2023	3,355,000	1,171,299	920,000	257,213
2024-2028	15,140,000	3,923,595	4,345,000	996,592
2029-2033	8,665,000	1,438,493	2,720,000	308,643
2034-2037	2,530,000	108,875	545,000	31,722
	$ 44,825,000	$ 12,628,279	$ 12,455,000	$ 3,022,951

Capital Leases

Golf Fund entered into a lease agreement as lessee for the financing the acquisition of golf cart equipment originally valued at $336,793. The equipment has a four year estimated useful life with a remaining net book value of $175,413. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

Year Ending September 30,	
2019	$ 84,198
2020	84,198
2021	7,017
Total Minimum Lease Payments	$ 175,413

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018, is reflected in the following tables.

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$ 66,220,000	$ -	$ (6,075,000)	$ 60,145,000	$ 5,770,000
Certificates of obligation	49,485,000	-	(4,660,000)	44,825,000	4,030,000
Premium on bond issues	5,258,770	-	(478,866)	4,779,904	-
Discount on bond issues	(605)	-	605	-	
Compensated absences	3,642,442	540,413	(396,063)	3,786,792	652,500
Net OPEB liability	66,527,929	-	(28,711,000)	37,816,929	-
Net pension liability	27,072,682	-	(12,347,353)	14,725,329	-
Total Governmental Activities	$ 218,206,218	$ 540,413	$ (52,667,677)	$ 166,078,954	$ 10,452,500
Business-type Activities:					
Bonds payable:					
General obligation bonds	$ 2,755,000	$ -	$ (415,000)	$ 2,340,000	$ 355,000
Certificates of obligation	13,605,000	-	(1,150,000)	12,455,000	1,005,000
Capital lease	252,594	-	(77,181)	175,413	84,198
Premium on bond issues	462,740	-	(37,290)	425,450	-
Discount on bond issues	(28,185)	-	199	(27,986)	-
Compensated absences	413,030	58,681	(20,166)	451,545	77,497
Net OPEB liability	7,277,185	-	(3,140,565)	4,136,620	-
Net pension liability	3,394,285	-	(1,350,621)	2,043,664	-
Total Business-type Activities	$ 28,131,649	$ 58,681	$ (6,190,624)	$ 21,999,706	$ 1,521,695

The liability for compensated absences, other post-employment benefits, and pensions is liquidated by the General Fund by approximately 82 percent. The Utility Fund, Aquatic Park Fund, and Internal Service Funds normally liquidate 8 percent, 2 percent, and 8 percent, respectively.

Note IV - Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of $175,000 and/or $9,445,195 in the aggregate for a 12-month period beginning on January 1, 2018. Changes in the balances of claims liabilities during the past two years are as follows:

	2018	2017
Unpaid claims, beginning of year	$ 1,507,358	$ 1,320,348
Incurred claims (including IBNR)	10,216,791	10,265,308
Claim expense	(10,475,123)	(10,078,298)
Unpaid claims, end of year	$ 1,249,026	$ 1,507,358

B. Contingent Liabilities

The City is a defendant in certain lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Postemployment Benefits

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Corporation. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

Retiree Healthcare Plan

Plan Description - The City of North Richland Hills Retired Employees Healthcare Plan ("NRHREHP") is a single-employer defined benefit healthcare plan and is self-administered through an internal oversight committee (appointed by the City Manager through conveyed authority from City Council). NRHREHP provides medical, prescription, and dental insurance benefits to eligible retirees and their spouses. City council is the authoritative body granting health care benefits for both active and retired employees. The City provides postretirement health and dental care benefits for retirees and their dependents. The City does not have a separate audited generally accepted accounting principles financial report for the retiree health plan.

Benefits Provided – Full-time employees of the City who meet the City's requirements are eligible to participate in the retiree health care plan. Upon terminating from active service, employees must have separated in "good standing", be eligible to retire under the Texas Municipal Retirement System (age 60 with 5 years of service or 20 years of service at any age) with the declared intent to begin to receive an annuity check from TMRS, and must have been covered until the City's health plan on the retiree's last day of active employment. Reduced premium rates for medical and dental coverage are offered to eligible retirees that have attained age 55 at retirement and meet one of the following plan rules:

Plan Rule	Multiplier
90 Plan	1.00
85 Plan	1.25
80 Plan	1.50
Access Plan	1.75

To be eligible for the 90 Plan, 85 Plan or 80 Plan, retirees must have attained the applicable combined number of years of service plus age at time of retirement. To be eligible for the Access Plan, retirees must have attained age 60 with at least 10 years of service. Service requirements are based on continuous service with the City of North Richland Hills. Pre-65 medical premiums for 90 Plan retirees will be set to 20% of the total cost. Dental premiums for 90 Plan retirees are also reduced. For retirees that meet one of the other Plan Rules, applicable multiplier is applied to the premium rates for 90 Plan retirees. Medical coverage through the City's pre-65 health plan ceases when retirees/spouses become eligible for Medicare benefits. Vision benefits are available to retirees through a fully-insured plan in which retirees pay 100% of the vision premiums. The City does not provide life insurance coverage for retirees or their dependents.

At December 31, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Membership	
Retirees and beneficiaries	178
Inactive, nonretired members	0
Active members	539
Total	717

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

Contributions - The contribution requirements of plan members and the City are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund. For plan year 2017, the City contributed a total of $2,292,748 to the plan for benefit payments. Of the $2,292,748, $100,000 was contributed to the OPEB Trust and $2,192,748 was for health insurance benefit payments.

Net OPEB Liability - The City's net OPEB liability ("NOL") was measured as of December 31, 2017 and the total OPEB liability ("TOL") used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The TOL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2017
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age
Single Discount Rate	3.71% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 6.00% after 7 years; Pre-65: Ultimate trend rate includes a 1.75% adjustment for the excise tax; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	85% for retirees meeting eligibility requirements for the 90 Plan; 75% for retirees meeting eligibility requirements for the 85 Plan; 60% for retirees meeting eligibility requirements for the 80 Plan; 60% for retirees meeting eligibility requirements for the Access Plan
Other Information:	
Notes	The Single Discount Rate changed from 3.88% as of December 31, 2016 to 3.71% as of December 31, 2017.

Discount Rate - Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 3.31%; and the resulting Single Discount Rate is 3.71%.

Basis of Allocation - OPEB items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2018, those percentages were 90% and 10%, respectively, which approximated the prior year's allocations.

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2016	$ 75,328,738	$ 1,523,624	$73,805,114
Service cost	3,033,865	-	3,033,865
Interest	2,939,073	-	2,939,073
Changes of benefit terms	(36,006,639)		(36,006,639)
Difference between expected and actual experience	-	-	-
Changes of assumptions	678,308	-	678,308
Contributions - employer	-	2,292,748	(2,292,748)
Net investment income	-	212,194	(212,194)
Benefits payments, including refunds of employee contributions	(2,192,748)	(2,192,748)	-
Administrative expense	-	(8,770)	8,770
Other changes	-	-	-
Net changes	(31,548,141)	303,424	(31,851,565)
Balance at December 31, 2017	$ 43,780,597	$ 1,827,048	$41,953,549

Changes of benefit terms reflect the phase out of Medicare plan subsidies and restructured eligibility requirements and subsidy levels for the City's pre-65 health plan. Changes of assumptions reflect a change in the Single Discount Rate from 3.88% as of December 31, 2016 to 3.71% as of December 31, 2017.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's net OPEB liability would be if it were calculate using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's Net OPEB Liability	$ 46,241,654	$ 41,953,549	$38,158,657

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate, as well as what the City's net OPEB liability would be if it were calculate using a trend rate that is 1-percentage-point lower or 1-percentage higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Net OPEB Liability	$ 37,478,704	$ 41,953,549	$47,311,077

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB's plan Fiduciary Net Position is available in the basic financial statements section of the City of North Richland Hills Comprehensive Annual Financial Report for the year-ended September 30, 2018.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized a negative OPEB expense of $30,059,659.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in assumption changes	588,996	-
Differences between expected and actual experience	-	88,154
Contributions subsequent to the measurement date	1,626,140	-
	$ 2,215,136	$ 88,154

$1,626,140 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	
2019	$ 67,273
2020	67,273
2021	67,273
2022	67,273
2023	89,312
Thereafter	142,438
	$ 500,842

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan

Plan Description - The City of North Richland Hills participates as one of 883 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issue a publically available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.org.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided - TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of member's deposits and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

As the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	355
Inactive employees entitled to but not yet receiving benefits	292
Active employees	540
	1,187

Contributions - The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.33% and 16.12% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were $5,727,471, and were equal to the required contributions.

Net Pension Liability - The City's net pension liability ("NPL") was measured as of December 31, 2017, and the total pension liability ("TPL") used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year (3.0% in prior year)
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal ("EAN") actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

Basis of Allocation - Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2018, those percentages were 90% and 10%, respectively, which approximated the prior year's allocations.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2017	$ 234,075,270	$ 203,608,303	$ 30,466,967
Changes for the year:			
Service cost	6,191,617	-	6,191,617
Interest	15,687,433	-	15,687,433
Difference between expected and actual experience	523,226	-	523,226
Changes of assumptions	-	-	-
Contributions - employer	-	5,623,410	(5,623,410)
Contributions - employee	-	2,410,529	(2,410,529)
Net investment income	-	28,219,967	(28,219,967)
Benefits payments, including refunds of employee contributions	(9,529,337)	(9,529,337)	-
Administrative expense	-	(146,245)	146,245
Other changes	-	(7,411)	7,411
Net changes	12,872,939	26,570,913	(13,697,974)
Balance at September 30, 2018	$ 246,948,209	$ 230,179,216	$ 16,768,993

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculate using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	$ 52,557,041	$ 16,768,993	$ (12,485,927)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's Fiduciary Net Position is available in a separately- issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of negative $5,016,713.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 5,846,709
Difference in assumption changes	-	181,539
Differences between expected and actual experience	415,566	2,243,514
Contributions subsequent to the measurement date	4,134,368	-
	$ 4,549,934	$ 8,271,762

$4,134,368 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2018	$ (861,906)
2019	(1,027,093)
2020	(3,153,743)
2021	(2,813,454)
	$ (7,856,196)

Note IV - Other Information (continued)

E. Tax Incentive Rebates

The City of North Richland Hills has three (3) active Commercial Development and Job Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. The agreements are subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the tax valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a clawback provision for default on agreement is included in the agreement and the business agrees return a percentage of the rebate back to the City. Total rebate of taxes as of September 30, 2018 was $211,948.

F. New Accounting Pronouncements Adopted in 2017:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information ("RSI") about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources—that is, resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired.

Note IV - Other Information (continued)

G. Implementation of Future GASB Statements

The Governmental Accounting Standards Board ("GASB") has issued the following new statements to be implemented in future years.

GASB Statement No. 83, *Certain Asset Retirement Obligations.* This statement establishes uniform criteria for governments to recognize and measure certain asset retirement obligations ("ARO"s). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. Examples could be costs associated with decommissioning a nuclear power plant or disposal of x-ray machine. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required. This standard becomes effective for the City in fiscal year 2019.

GASB Statement No. 84, *Fiduciary Activities.* This statement establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. This standard becomes effective for the City in fiscal year 2020.

GASB Statement No. 87, *Leases.* This statement provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly. This standard becomes effective for the City in fiscal year 2021. However, the City has elected to early implement this standard in fiscal year 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This standard becomes effective for the City in fiscal year 2021. However, the City has elected to early implement this standard in fiscal year 2019.

Note IV - Other Information (continued)

H. Prior Period Adjustment

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*." – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially underfunded portion of benefits earned to date. The implementation of GASB Statement No. 75 resulted in restatement of beginning net position for removal of the OPEB liability previously recorded under GASB Statement No. 45, the recording of the total OPEB liability under Statement No. 75, and the beginning deferred outflow for contributions made after the measurement date.

During fiscal year 2018, an inventory of the water and wastewater system was conducted. The study identified capital assets that were not previously recorded in the City's accounting records.

The adjustments made to the beginning net position are summarized below:

	Statement of Activities		Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds		
	Governmental Activities	Business-type Activities	Utility	Aquatic Park	Internal Service
Net position as of September 30, 2017 as previously reported	$ 235,483,061	$ 66,185,358	$ 52,378,411	$ 7,509,804	$ 11,357,221
Removal of OPEB liability per GASB 45	12,877,747	1,629,722	1,404,931	224,791	1,084,525
Recording of net OPEB liability as of the measurement date per GASB 75	(66,527,929)	(7,277,185)	(6,199,630)	(1,077,555)	(5,092,554)
Capital assets, net of depreciation, added as a result of a water and wastewater system inventory	-	23,098,064	23,098,064	-	-
Net position as of September 30, 2017 as restated	$ 181,832,879	$ 83,635,959	$ 70,681,776	$ 6,657,040	$ 7,349,192

I. Subsequent Events

On November 13, 2018, the City issued $13,860,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018, and $7,510,000 General Obligation Refunding and Improvement Bonds, Series 2018.

NRH

Required Supplementary Information

NRH Public Works street division crews replace a section along a residential street. In 2018, the Street Division resurfaced approximately 7.13 miles of residential streets. Additionally, the Street Division excavated and patched over 93,310 square feet of asphalt pavement; made around 7,651 square feet of concrete curb and gutter repairs; and patched a little over 4,800 square feet of potholes.

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Unaudited)
Year Ended September 30, 2018

	Measurement Year December 31,			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	$ 5,572,383	$ 5,732,122	$ 5,991,326	$ 6,191,617
Interest (on the total pension liability)	14,176,755	14,861,355	14,990,680	15,687,433
Difference between expected and actual experience	(1,880,743)	(1,819,900)	(1,803,452)	523,226
Change of assumptions	-	(452,493)	-	-
Benefit payments, including refunds of employee contributions	(7,376,810)	(8,959,709)	(8,383,529)	(9,529,337)
Net Change in Total Pension Liability	10,491,585	9,361,375	10,795,025	12,872,939
Total Pension Liability - Beginning	203,427,285	213,918,870	223,280,245	234,075,270
Total Pension Liability - Ending (a)	$ 213,918,870	$ 223,280,245	$ 234,075,270	$ 246,948,209
Plan Fiduciary Net Position				
Contributions - employer	$ 5,636,415	$ 5,468,306	$ 5,409,161	$ 5,623,410
Contributions - employee	2,236,673	2,280,541	2,328,666	2,410,529
Net investment income	10,400,524	284,162	12,939,363	28,219,967
Benefit payments, including refunds of employee contributions	(7,376,810)	(8,959,709)	(8,383,529)	(9,529,337)
Administrative expense	(108,580)	(173,081)	(146,139)	(146,245)
Other	(8,929)	(8,547)	(7,874)	(7,411)
Net Change in Plan Fiduciary Net Position	10,779,293	(1,108,328)	12,139,648	26,570,913
Plan Fiduciary Net Position - Beginning	181,797,690	192,576,983	191,468,655	203,608,303
Plan Fiduciary Net Position - Ending (b)	$ 192,576,983	$ 191,468,655	$ 203,608,303	$ 230,179,216
Net Pension Liability - Ending (a) - (b)	$ 21,341,887	$ 31,811,590	$ 30,466,967	$ 16,768,993
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.02%	85.75%	86.98%	93.21%
Covered Payroll	$ 31,952,469	$ 32,568,873	$ 33,266,663	$ 34,436,087
Net Pension Liability as a Percentage of Covered Payroll	66.79%	97.67%	91.58%	48.70%

Changes in assumptions: In the 2015 valuation, the investment rate of return decreased from 7.0% to 6.75%, the discount rate decreased from 7.0% to 6.75%, and the inflation rate decreased from 3.0% to 2.5%

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
SCHEDULE OF PENSION CONTRIBUTIONS (Unaudited)
Year Ended September 30, 2018

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

	FY 2015	FY 2016	FY 2017	FY 2018
Actuarially determined contribution	$ 5,528,987	$ 5,417,111	$ 5,559,812	$ 5,727,471
Contributions in relation to the actuarially determined contribution	$ 5,528,987	$ 5,417,111	$ 5,559,812	$ 5,727,471
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 32,471,592	$ 33,017,098	$ 34,086,933	$ 35,403,126
Contributions as a percentage of covered payroll	17.03%	16.41%	16.31%	16.18%

Notes:

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months.

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	10 Year Smoothed Market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 14.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

The information in this schedule has been determined as of the City's fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NORTH RICHLAND HILLS RETIRED EMPLOYEES HEALTHCARE PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Unaudited)
Year Ended September 30, 2018

	Measurement Year December 31, 2017
Total OPEB Liability	
Service cost	$ 3,033,865
Interest on the total OPEB liability	2,939,073
Changes of benefit terms	(36,006,639)
Change of assumptions	678,308
Benefit payments, including refunds of employee contributions	(2,192,748)
Net Change in Total OPEB Liability	(31,548,141)
Total OPEB Liability - Beginning	75,328,738
Total OPEB Liability - Ending (a)	$ 43,780,597
Plan Fiduciary Net Position	
Contributions - employer	$ 2,292,748
Net investment income	212,194
Benefit payments, including refunds of employee contributions	(2,192,748)
Administrative expense	(8,770)
Net Change in Plan Fiduciary Net Position	303,424
Plan Fiduciary Net Position - Beginning	1,523,624
Plan Fiduciary Net Position - Ending (b)	$ 1,827,048
Net OPEB Liability - Ending (a) - (b)	$ 41,953,549
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	4.17%
Covered Payroll	$ 33,455,733
Net OPEB Liability as a Percentage of Covered Payroll	125.40%

Ending balances are as of the measurement date, December 31, 2017
Changes of benefit terms reflect the phase out of Medicare plan subsidies and restructured eligibility requirements and subsidy levels for the City's pre-65 health plan. Changes of assumptions reflect a change in the Single Discount Rate from 3.88% as of December 31, 2016 to 3.71% as of December 31, 2017.

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALALNCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
Year Ended September 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes (penalties & interest included)	$ 16,759,480	$ 16,944,707	$ 16,863,131	$ (81,576)
City sales taxes	10,192,046	10,192,046	10,281,105	89,059
Mixed beverage taxes	145,333	145,333	145,495	162
Franchise taxes	5,047,249	5,044,070	5,000,703	(43,367)
Sub-total taxes	32,144,108	32,326,156	32,290,434	(35,722)
Fines and forfeitures	2,175,366	2,001,919	1,973,660	(28,259)
Licenses and permits	2,205,406	2,362,357	2,538,182	175,825
Charges for services	2,401,541	2,298,330	2,245,179	(53,151)
Intergovernmental	5,446,957	5,453,195	5,270,463	(182,732)
Miscellaneous	2,233,234	2,788,347	3,102,860	314,513
Sub-total non-tax revenues	14,462,504	14,904,148	15,130,344	226,196
Other appropriations				
Court technology funds	-	49,950	49,950	-
Previous year encumbrances	-	285,133	-	(285,133)
Sub-total other appropriations	-	335,083	49,950	(285,133)
Total Revenues	46,606,612	47,565,387	47,470,728	(94,659)
Expenditures				
City council	131,079	131,079	106,695	24,384
City manager	667,063	667,769	667,722	47
Communications	367,310	380,323	360,103	20,220
City secretary	447,396	440,565	425,932	14,633
Legal	385,803	368,452	363,156	5,296
Human resources	150,464	149,288	144,404	4,884
Finance	720,828	707,766	701,539	6,227
Budget & research	412,093	405,638	392,589	13,049
Municipal court	1,388,506	1,425,248	1,291,227	134,021
Planning & inspections	1,271,250	1,300,823	1,283,758	17,065
Economic development	336,148	336,766	313,961	22,805
Library	2,200,342	2,189,096	2,134,150	54,946
Neighborhood services	1,978,654	1,990,286	1,882,432	107,854
Public works	3,185,518	3,214,214	3,126,991	87,223
Parks & recreation	2,148,142	2,109,325	2,025,560	83,765
Police	14,440,270	14,646,654	14,533,974	112,680
Fire	12,931,029	13,236,222	12,943,837	292,385
Building services	812,101	812,101	812,101	-
Non-departmental	1,067,329	1,216,019	1,026,856	189,163
Sub-total departments	45,041,325	45,727,634	44,536,987	1,190,647
Other & Reserves				
Reserves	1,180,291	1,359,574	1,023,316	336,258
Transfers out	187,725	264,179	611,398	(347,219)
Economic development incentives	197,271	214,000	211,948	2,052
Sub-total other & reserves	1,565,287	1,837,753	1,846,662	(8,909)
Total Expenditures	46,606,612	47,565,387	46,383,649	1,181,738
Net Increase (Decrease)	$ -	$ -	$ 1,087,079	$ 1,087,079

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALALNCE BUDGET (NON-GAAP BASIS) AND ACTUAL -
PARKS AND RECREATION DEVELOPMENT CORPORATION FUND
Year Ended September 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales tax	$ 5,095,823	$ 5,095,823	$ 5,140,554	$ 44,731
Interest income	26,160	40,732	50,083	9,351
Youth assn. maintenance fees	44,500	36,300	42,818	6,518
Tennis center revenue	372,550	359,050	356,179	(2,871)
Transfer in from aquatic park fund	87,869	-	-	-
Park impact fees	70,000	95,000	87,880	(7,120)
Insurance	-	1,273	1,273	-
Other income	500	15,075	170,516	155,441
Appropriation of fund balance	135,000	135,000	-	(135,000)
Subtotal PARD revenues (excluding NRH Centre)	5,832,402	5,778,253	5,849,303	71,050
NRH Centre:				
Memberships/drop-in passes	1,420,000	1,390,000	1,406,929	16,929
Fitness	429,000	459,600	460,921	1,321
Recreation/sports	274,000	293,630	328,952	35,322
Grand hall rental	232,100	368,450	417,245	48,795
Catering & event fees	17,900	21,300	25,612	4,312
Aquatic programs	237,500	240,000	250,290	10,290
Pool rental	5,500	4,000	2,875	(1,125)
Gym rental	4,000	4,000	3,978	(22)
Concessions/merchandise	27,000	24,524	28,252	3,728
Special events	10,000	10,000	8,132	(1,868)
Other	24,000	10,313	10,183	(130)
General fund	487,102	487,102	487,102	-
Subtotal NRH Centre revenues (only)	3,168,102	3,312,919	3,430,471	117,552
Total Revenues	9,000,504	9,091,172	9,279,774	188,602
Expenditures				
Operating:				
Park facilities development administration	764,159	781,118	823,121	(42,003)
Parks & public grounds	2,155,009	2,140,539	2,049,781	90,758
Tennis center operations	616,486	617,545	544,842	72,703
Sub-total operating	3,535,654	3,539,202	3,417,744	121,458
NRH Centre:				
Center management	792,553	747,729	701,604	46,125
Fitness	395,271	395,271	427,782	(32,511)
Building operations	203,842	204,251	223,378	(19,127)
Aquatic	625,629	671,768	650,537	21,231
Recreation sports	358,837	379,851	324,783	55,068
Event center	362,838	415,069	304,697	110,372
Building services	294,150	284,090	284,090	-
Sub-total NRH Centre	3,033,120	3,098,029	2,916,871	181,158
Other & Reserves				
Debt service	627,685	627,685	627,685	-
Indirect costs	498,789	500,425	500,885	(460)
Non-department	50,127	45,852	42,675	3,177
Reserve for capital	992,338	930,948	871,284	59,664
Reserve for economic development	127,396	127,396	128,514	(1,118)
Reserve for NRH Centre	135,395	221,635	221,635	-
Sub-total other & reserves	2,431,730	2,453,941	2,392,678	61,263
Total Expenditures	9,000,504	9,091,172	8,727,293	363,879
Net Increase (Decrease) - Parks			291,965	
Net Increase (Decrease) - NRH Centre only			260,516	
Net Increase (Decrease) - Total			$ 552,481	

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALALNCE
BUDGET (NON-GAAP BASIS) AND ACTUAL -
GAS DEVELOPMENT FUND
Year Ended September 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Royalties/overrides				
General fund purposes	$ 217,000	$ 522,500	$ 555,185	$ 32,685
Other				
Interest income	2,300	5,800	6,539	739
Appropriation of reserves				
General fund purposes	93,373	-	-	-
Total Revenues	312,673	528,300	561,724	33,424
Expenditures				
Operating				
General government	-	30,000	22,185	7,815
Transfer to capital projects	100,000	100,000	100,000	
Sub-total operating	100,000	130,000	122,185	7,815
Other & Reserves				
Contribution to reserves	212,673	398,300	398,300	-
Total Expenditures	312,673	528,300	520,485	7,815
Net Increase (Decrease)	$ -	$ -	$ 41,239	$ 41,239

Note A. - Budgetary Information

Annual budgets are adopted on a modified cash basis for the following: General, General Debt Service, Promotional, Donations, Special Investigations, Drainage Utility, Parks and Recreation Development, Crime Control District, Gas Development, Traffic Safety, Utility, Aquatic Park, Golf, Facilities and Construction, Fleet Services, Self Insurance, and Information Technology. The General Capital Projects Fund and Grants Fund adopt project-length budgets.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance.

The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to make inter-departmental and inter-fund transfers during the fiscal year as deemed necessary in order to avoid over-expenditure of particular accounts. After the budget is adopted, the City Manager is not allowed to authorize any expenditure that exceeds total funds in the overall budget without amending the budget through City Council action. There are instances where transfers on the financial statements may not tie directly to the transfers as presented in supplemental information. As a result of management directive, city practice, or efforts to more specifically identify transfers by purpose, it is possible for individual transfers to be referenced by another title consistent with how the budget was developed by staff and adopted by Council. During the fiscal year City budget appropriations were increased by $3,699,034.

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation
General Fund	$ 46,606,612	$ 47,565,387	$ 958,775	The bulk of the revision was due to expenditures for fleet allocations being returned to FY 16-17 levels in addition to an increase for encumbrances rolled from prior year. The bulk of the budget revision was funded as a direct transfer from the Fleet Services Fund.
General Debt Service	11,762,764	11,762,764	-	There was no change from the Original Budget.
Parks and Recreation	9,000,504	9,091,172	90,668	The majority of budgetary increase was for additional expenditures at the NRH Centre Grand hall due to increases in attendance. The revision was funded through additional revenues generated by the NRH Centre.
Gas Development	312,673	528,300	215,627	The budgetary increase included funding for legal expenses and a contribution to reserves.
Promotional	259,022	287,939	28,917	The budgetary increase was for an additional contribution to reserves.
Donations	311,099	406,547	95,448	Additional funding was required for one-time expenditures for programs and events including NRH Roadrunner, art for Northfield Park and Spay and Neuter Program. Revenues generated from these programs covered additional funding requirements.
Special Investigations	252,300	265,600	13,300	Additional funding was required for public safety training and equipment. The revision was covered by additional federal forfeited funds.
Drainage Utility Fund	1,190,524	1,340,858	150,334	Additional funding was required for capital projects and was covered through annual drainage fees.
Crime Control District	5,380,595	5,426,880	46,285	The budgetary increase was for prior year encumbrances and a contribution to reserves.
Traffic Safety	1,008,016	1,061,792	53,776	The budgetary increase was for prior year encumbrances.

Note A. - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation
Utility	$ 34,336,777	$ 36,130,719	$ 1,793,942	The budgetary increase was for prior year encumbrances, a contribution to reserves, and an increase in franchise fees
Aquatic Park	5,268,439	4,581,259	(687,180)	Funding requirements were reduced in this fund as staff forecasted lower attendance at the park than originally forecasted in the adopted budget. The lower forecast was in large part due to unfavorable weather conditions during critical operating days.
Golf	2,575,071	2,491,415	(83,656)	Funding requirements were reduced in this fund as staff forecasted lower attendance at the park than originally forecasted in the adopted budget. The lower forecast was in large part due to unfavorable weather conditions during critical operating days.
Facilities and Construction	3,014,282	3,014,120	(162)	The budgetary revision reflected a decrease in contributions to reserves.
Fleet Services	3,653,429	4,849,611	1,196,182	The budgetary increase was for prior year encumbrances and the addition of a direct transfer to the General fund.
Self Insurance	13,910,020	14,252,255	342,235	The budgetary increase was an increase in the contribution to reserves and for an increase in participation in FSA accounts.
Information Technology	3,525,482	3,541,735	16,253	The budgetary increase was for prior year encumbrances and for contributions to reserves.
Total	$ 142,367,609	$ 146,598,353	$ 4,230,744	

Note B. - General Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	$ 1,087,079
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(229,141)
The City budgets specific "Reserves" expenditures as an outflow but in GAAP statements it is not an expenditures: Peg Franchise Fees Reserves.	1,023,316
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(165,443)
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(63,357)
Outflow of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditures recognition until the period of coverage.	(144,089)
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Balances - Governmental Fund - General Fund	$ 1,508,365

Note C. - Parks and Recreation Development Corporation Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	552,481
The City budgets specific "Reserves" expenditures as an outflow but in GAAP statements it is not an expenditures: Net Operations from Parks Maintenance, Tennis Center, and Recreation Centre for future capital or operational needs		221,635
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(22,172)
Economic Development incentives appropriated and paid for in the General Fund are reimbursed by the Park and Recreation Development Corporation Fund based on its pro rata share		(31,679)
Outflow of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditures recognition until the period of coverage.		495,520
Reclassification of Administrative Fees paid to the General Fund from other funds, which are considered a transfer of funds		(469,207)
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget		(72,026)
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Balance - Governmental Fund - Parks and Recreation Development Corporation	$	674,552

Note D. - Gas Development Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	41,239
The City budgets specific "Reserves" expenditures as an outflow but in GAAP statements it is not an expenditures: Peg Franchise Fees Reserves		398,300
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(8,769)
Special funded projects inflows/resources are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget		(2,427)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Balance - Governmental Fund - Parks - Gas Development Fund	$	428,343

NRH

Other Supplementary Information

The NRH Centre is North Richland Hills premier fitness, aquatics and activity center and is designed to be the Centre of your active, healthy and connected world. As Tarrant County's first LEED certified recreation center, the NRH Centre is built and operated using sustainable features to minimize its impact on the environment. The Centre includes indoor aquatics, fitness, gymnasium, a senior center, and the Grand Hall for events

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding $1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

Tax Increment Financing District #1 is to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #1.

DEBT SERVICE FUND

The Tax Increment Financing Districts (TIF's) Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on the debts of Districts No. 1 and No. 2.

The Sales Tax Revenue Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on sales tax revenue bonds.

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Special Revenue			
	Promotional	**Donations**	**Special Investigations**	**Drainage Utility**
Assets				
Cash and cash equivalents	$ 230,486	$ 228,484	$ 137,069	$ 217,647
Investments	403,763	432,604	196,113	346,082
Receivables, net of allowance:				
Accounts	-	-	-	102,860
Other taxes receivable	78,500	-	-	-
Interest receivable	181	194	88	155
Intergovernmental receivables	-	-	-	-
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total assets	$ 712,930	$ 661,282	$ 333,270	$ 666,744
Liabilities				
Accounts payable	$ -	$ 421	$ 12,289	$ -
Retainage payable	-	-	-	-
Accrued liabilities	4,660	-	-	-
Intergovernmental payables	-	-	-	-
Deposits and other liabilities	-	3	-	-
Due to other funds	-	-	-	-
Total liabilities	4,660	424	12,289	-
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balance				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	-	-
Grants	-	-	-	-
Promotional & economic development	708,270	-	-	-
Public safety	-	-	317,681	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	660,858	-	-
Drainage Utility	-	-	-	666,744
Assigned:				
Purchases on order	-	-	3,300	-
Total fund balance	708,270	660,858	320,981	666,744
Total liabilities, deferred inflows and fund balance	$ 712,930	$ 661,282	$ 333,270	$ 666,744

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Special Revenue			
	Crime Control District	**Grants**	**Economic Development**	**Traffic Safety**
Assets				
Cash and cash equivalents	$ -	$ -	$ 343,258	$ 314,531
Investments	-	5,769	374,505	559,501
Receivables, net of allowance:				
Accounts	1,473	-	-	-
Other taxes receivable	877,654	-	-	-
Interest receivable	-	3	316	251
Intergovernmental receivables	-	2,431,895	-	-
Cash and cash equivalents	103,846	-	183,755	-
Investments	-	-	329,196	-
Total assets	$ 982,973	$ 2,437,667	$ 1,231,030	$ 874,283
Liabilities				
Accounts payable	$ 29,255	$ 69,115	$ -	$ 40,810
Retainage payable	-	50,000	-	-
Accrued liabilities	145,231	3,097	-	10,326
Intergovernmental payables	-	-	-	98,204
Deposits and other liabilities	-	-	-	-
Due to other funds	-	552,308	-	-
Total liabilities	174,486	674,520	-	149,340
Deferred Inflows of Resources				
Unavailable revenue - grants	-	3,767	-	-
Total deferred inflows of resources	-	3,767	-	-
Fund Balance				
Restricted:				
Crime control district	808,487	-	-	-
Debt service	-	-	-	-
Grants	-	1,759,380	-	-
Promotional & economic development	-	-	1,231,030	-
Public safety	-	-	-	724,943
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Assigned:				
Purchases on order	-	-	-	-
Total fund balance	808,487	1,759,380	1,231,030	724,943
Total liabilities, deferred inflows and fund balance	$ 982,973	$ 2,437,667	$ 1,231,030	$ 874,283

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Special Revenue	Debt Service		
	Tax Increment Finance District #1	Tax Increment Finance Districts	Sales Tax Revenue Bond	Total Non-major Governmental
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ 1,471,475
Investments	-	-	-	2,318,337
Receivables, net of allowance:				
Accounts	-	-	-	104,333
Other taxes receivable	-	-	-	956,154
Interest receivable	-	2,348	75	3,611
Intergovernmental receivables	-	-	-	2,431,895
Cash and cash equivalents	110,228	1,239,914	95,019	1,732,762
Investments	738,472	5,225,846	167,274	6,460,788
Total assets	$ 848,700	$ 6,468,108	$ 262,368	$ 15,479,355
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 151,890
Retainage payable	-	-	-	50,000
Accrued liabilities	-	-	-	163,314
Intergovernmental payables	-	-	-	98,204
Deposits and other liabilities	-	-	-	3
Due to other funds	-	-	-	552,308
Total liabilities	-	-	-	1,015,719
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	-	3,767
Total deferred inflows of resources	-	-	-	3,767
Fund Balance				
Restricted:				
Crime control district	-	-	-	808,487
Debt service	-	6,468,108	262,368	6,730,476
Grants	-	-	-	1,759,380
Promotional & economic development	-	-	-	1,939,300
Public safety	-	-	-	1,042,624
Capital projects (bond funded)	707,746	-	-	707,746
Committed:				
Donations	-	-	-	660,858
Drainage Utility	-	-	-	666,744
Assigned:				
Purchases on order	140,954	-	-	144,254
Total fund balance	848,700	6,468,108	262,368	14,459,869
Total liabilities, deferred inflows and fund balance	$ 848,700	$ 6,468,108	$ 262,368	$ 15,479,355

NRH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	Special Revenue			
	Promotional	**Donations**	**Special Investigations**	**Drainage Utility**
Revenues				
Taxes	$ 301,835	$ -	$ -	$ -
Charges for services	-	-	-	896,000
Contributions	-	276,274	-	-
Investment income	930	1,589	207	210
Intergovernmental	-	-	26,250	-
Forfeitures	-	-	86,783	-
Miscellaneous	-	2	-	-
Total revenues	302,765	277,865	113,240	896,210
Expenditures				
General government	142,557	33,707	-	-
Public safety	-	47,327	71,724	-
Culture and recreation	97,698	180,144	-	-
Public works	-	-	-	29,999
Capital outlay:				
Public safety	-	-	47,491	-
Culture and recreation	1,075	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	241,330	261,178	119,215	29,999
Excess (deficiency) of revenues over expenditures	61,435	16,687	(5,975)	866,211
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	25,492	-
Transfers in	-	-	-	-
Transfers out	-	(30,000)	-	(1,160,524)
Total other financing sources (uses)	-	(30,000)	25,492	(1,160,524)
Net change in fund balance (deficit)	61,435	(13,313)	19,517	(294,313)
Fund balance - beginning of year	646,835	674,171	301,464	961,057
Fund balance - end of year	$ 708,270	$ 660,858	$ 320,981	$ 666,744

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	Special Revenue			
	Crime Control District	**Grants**	**Economic Development**	**Traffic Safety**
Revenues				
Taxes	$ 5,194,263	$ -	$ -	$ -
Charges for services	-	-	-	977,595
Contributions	-	-	-	-
Investment income	10,616	62	1,588	1,533
Intergovernmental	219,296	3,865,364	-	-
Forfeitures	-	-	-	-
Miscellaneous	26,194	-	-	-
Total revenues	5,450,369	3,865,426	1,588	979,128
Expenditures				
General government	-	117,443	-	-
Public safety	5,203,326	896,753	-	897,865
Culture and recreation	-	32,076	-	-
Public works	-	-	-	36,923
Capital outlay:				
Public safety	26,447	366,146	-	39,587
Culture and recreation	-	500,000	-	-
Public works	-	500,000	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	5,229,773	2,412,418	-	974,375
Excess (deficiency) of revenues over expenditures	220,596	1,453,008	1,588	4,753
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	473,996	128,514	-
Transfers out	(34,922)	(200,319)	-	-
Total other financing sources (uses)	(34,922)	273,677	128,514	-
Net change in fund balance (deficit)	185,674	1,726,685	130,102	4,753
Fund balance - beginning of year	622,813	32,695	1,100,928	720,190
Fund balance - end of year	$ 808,487	$ 1,759,380	$ 1,231,030	$ 724,943

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	Special Revenue	Debt Service		
	Tax Increment Finance District #1	Tax Increment Finance Districts	Sales Tax Revenue Bond	Total Non-major Governmental
Revenues				
Taxes	$ -	$ 5,241,484	$ -	$ 10,737,582
Charges for services	-	-	-	1,873,595
Contributions	-	-	-	276,274
Investment income	13,790	-	527	31,052
Intergovernmental	-	-	-	4,110,910
Forfeitures	-	-	-	86,783
Miscellaneous	-	-	-	26,196
Total revenues	13,790	5,241,484	527	17,142,392
Expenditures				
General government	-	-	-	293,707
Public safety	-	-	-	7,116,995
Culture and recreation	-	-	-	309,918
Public works	-	-	-	66,922
Capital outlay:				
Public safety	-	-	-	479,671
Culture and recreation	-	-	-	501,075
Public works	17,447	-	-	517,447
Debt service:				
Principal retirement	-	2,395,000	-	2,395,000
Interest and fiscal charges	-	556,475	-	556,475
Total expenditures	17,447	2,951,475	-	12,237,210
Excess (deficiency) of revenues over expenditures	(3,657)	2,290,009	527	4,905,182
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	25,492
Transfers in	-	-	-	602,510
Transfers out	-	-	-	(1,425,765)
Total other financing sources (uses)	-	-	-	(797,763)
Net change in fund balance (deficit)	(3,657)	2,290,009	527	4,107,419
Fund balance (deficit) - beginning of year	852,357	4,178,099	261,841	10,352,450
Fund balance - end of year	$ 848,700	$ 6,468,108	$ 262,368	$ 14,459,869

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL DEBT SERVICE FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes (penalties & interest included)	$ 10,683,052	$ 10,683,052	$ 10,683,052	$ -
Transfers in				
Drainage utility	362,674	362,674	362,674	-
Parks & recreation facilities development corp.	627,685	627,685	627,685	-
Sub-total transfers in	990,359	990,359	990,359	-
Other				
Interest income	6,500	4,152	15,195	11,043
City of Watauga, CIP participation	82,853	82,853	82,853	-
Appropriation of fund balance	-	2,348	-	(2,348)
Sub-total other	89,353	89,353	98,048	8,695
Total Revenues	11,762,764	11,762,764	11,771,459	8,695
Expenditures				
Existing bonds & co's	11,724,765	11,724,765	11,724,762	3
Issuance costs/paying agent fees	37,999	37,999	8,115	29,884
Total Expenditures	11,762,764	11,762,764	11,732,877	29,887
Net Increase (Decrease)	$ -	$ -	$ 38,582	$ 38,582

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - PROMOTIONAL FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Occupancy tax proceeds	$ 255,253	$ 280,000	$ 301,835	$ 21,835
Prior year encumbrances	-	2,439	-	(2,439)
Interest revenue	3,769	5,500	6,252	752
Total Revenues	259,022	287,939	308,087	20,148
Expenditures				
Operating expenses				
Economic development	141,070	148,597	141,369	7,228
Culture & leisure	111,368	111,368	98,773	12,595
Non-departmental	443	355	178	177
Sub-total operating expenses	252,881	260,320	240,320	20,000
Other & Reserves				
Contribution to reserves	6,141	27,619	27,619	-
Total Expenditures	259,022	287,939	267,939	20,000
Net Increase (Decrease)	$ -	$ -	$ 40,148	$ 40,148

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DONATIONS FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Contributions				
NRH water bills	$ 59,080	$ 60,200	$ 61,414	$ 1,214
Donations				
Spay/neuter	13,800	10,500	10,766	266
Shelter fund	23,850	8,400	12,056	3,656
Duncan	15,000	15,000	15,000	-
Santa cops	2,600	5,547	9,747	4,200
Sub-total donations	55,250	39,447	47,569	8,122
Proceeds				
Library book sales	9,000	9,750	8,885	(865)
Other				
Interest revenue	4,620	5,500	6,979	1,479
Other income	136,500	171,381	158,407	(12,974)
Appropriation of fund balance:				
Teen court	400	400	-	(400)
Neighborhood services	4,969	73,830	-	(73,830)
Library	24,265	22,320	-	(22,320)
Parks and Recreation	18,920	55,527	-	(55,527)
Police	9,000	400	-	(400)
Sub-total Other	198,674	329,358	165,386	(163,972)
Total Revenues	322,004	438,755	283,254	(155,501)
Expenditures				
Library - book collections	76,420	77,170	72,985	4,185
Neighborhood services				
Animal services	29,310	34,752	21,866	12,886
Keep NRH Beautiful	61,369	110,969	45,082	65,887
Neighborhood initiative program		59	59	-
Municipal court - teen court	5,000	5,000	5,000	-
Parks special events and arts	94,000	133,772	98,858	34,914
Public safety	45,000	44,825	47,326	(2,501)
Total Expenditures	311,099	406,547	291,176	115,371
Net Increase (Decrease)	$ 10,905	$ 32,208	$ (7,922)	$ (40,130)

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SPECIAL INVESTIGATIONS FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Forfeited funds	$ 111,000	$ 114,030	$ 86,783	$ (27,247)
AFIS reimbursements	26,250	26,250	26,250	-
Interest income	2,034	2,304	2,744	440
Other income	-	57	25,492	25,435
Appropriations of fund balance	113,016	119,659	-	(119,659)
Prior year encumbrances	-	3,300	-	(3,300)
Total Revenues	252,300	265,600	141,269	(124,331)
Expenditures				
Federal forfeited funds	100,000	113,300	36,869	76,431
State forfeited funds	100,000	100,000	28,564	71,436
Local forfeited funds	1,000	1,000	-	1,000
AFIS maintenance & equipment	51,300	51,300	51,750	(450)
Total Expenditures	252,300	265,600	117,183	148,417
Net Increase (Decrease)	$ -	$ -	$ 24,086	$ 24,086

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DRAINAGE UTILITY FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Drainage fees	$ 867,849	$ 900,000	$ 896,000	$ (4,000)
Interest income	5,269	2,755	3,772	1,017
Appropriations of fund balance	317,406	438,103	-	(438,103)
Total Revenues	1,190,524	1,340,858	899,772	(441,086)
Expenditures				
Transfer to debt service	362,674	362,674	362,674	-
Other expenditures	827,850	978,184	827,598	150,586
Total Expenditures	1,190,524	1,340,858	1,190,272	150,586
Net Increase (decrease)	$ -	$ -	$ (290,500)	$ (290,500)

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - CRIME CONTROL DISTRICT
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	$ 5,069,844	$ 5,069,844	$ 5,098,136	$ 28,292
Franchise tax	87,248	96,127	96,127	-
Interest income	3,028	6,990	9,653	2,663
SRO Reimbursement (BISD)	210,918	219,296	219,296	-
Miscellaneous revenue	-	25,066	26,194	1,128
Previous year encumbrances	9,557	9,557	-	(9,557)
Total Revenues	5,380,595	5,426,880	5,449,406	22,526
Expenditures				
Operating				
Administration	9,500	7,300	7,234	66
Administrative services	1,006,895	1,002,906	1,006,212	(3,306)
Investigations	510,117	484,324	482,683	1,641
Uniform patrol	3,046,166	3,073,987	2,979,103	94,884
Technical services	565,477	563,612	554,693	8,919
Property Evidence	30,400	39,285	32,815	6,470
Sub-total operating	5,168,555	5,171,414	5,062,740	108,674
Other & reserves				
Partner agency funding	84,288	70,238	69,525	713
Other & reserves:	98,170	134,639	92,510	42,129
Transfer to general fund	29,582	31,215	31,678	(463)
Transfer to capital projects	-	19,374	19,374	-
Sub-total other & reserves	212,040	255,466	213,087	42,379
Total Expenditures	5,380,595	5,426,880	5,275,827	151,053
Net Increase (Decrease)	$ -	$ -	$ 173,579	$ 173,579

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - TRAFFIC SAFETY FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Gross fine revenue	$ 1,002,236	$ 955,739	$ 977,595	$ 21,856
Interest income	5,780	7,900	8,416	516
Appropriations of fund balance	-	21,643	-	(21,643)
Prior year encumbrances	-	76,510	-	(76,510)
Total Revenues	1,008,016	1,061,792	986,011	(75,781)
Expenditures				
Contractor payments	612,000	612,000	484,545	127,455
Program administration	322,937	323,396	298,120	25,276
Payment to State	33,296	10,172	98,204	(88,032)
Traffic enforcement	22,508	99,018	76,510	22,508
Pedestrian safety	16,568	16,568	16,994	(426)
Contribution to reserves	707	638	638	-
Total Expenditures	1,008,016	1,061,792	975,011	86,781
Net Increase (Decrease)	$ -	$ -	$ 11,000	$ 11,000

NRH_2O Family Water Park is North Texas' favorite family water park, conveniently located between Dallas and Fort Worth. The park features 8 water slides, a kiddie area, a large wave pool, a large lagoon-like play area, a lazy river and is open from May through September. Since NRH_2O opened in 1995, it has consistently ranked amongst the top water parks in the nation

INTERNAL SERVICE FUNDS

Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Technology Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Technology Fund operations are financed by charges to user departments.

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
September 30, 2018

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
Assets					
Current Assets:					
Cash and cash equivalents	$ 890,769	$ 1,080,509	$ 129,669	$ 773,720	$ 2,874,667
Investments	1,661,196	2,526,402	749,535	1,442,010	6,379,143
Accounts receivable, net of allowances:					
Other	-	-	143	3,282	3,425
Interest receivable	746	1,135	1,723	648	4,252
Prepaid items	-	9,326	-	184,104	193,430
Inventories, at cost	24,533	122,980	-	-	147,513
Total current assets	2,577,244	3,740,352	881,070	2,403,764	9,602,430
Noncurrent assets:					
Cash and cash equivalents	-	90,947	1,790,822	17,049	1,898,818
Investments	-	-	3,162,633	-	3,162,633
Interfund loan receivable	-	-	500,000	-	500,000
Capital assets, net:					
Buildings and improvements	53,976	-	-	-	53,976
Other improvements	-	-	-	602,769	602,769
Machinery and equipment	374,922	8,112,174	17,312	2,205,399	10,709,807
Construction in progress	-	74,894	-	-	74,894
Accumulated depreciation	(330,068)	(5,643,638)	(17,312)	(2,220,217)	(8,211,235)
Net capital assets	98,830	2,543,430	-	587,951	3,230,211
Total noncurrent assets	98,830	2,634,377	5,453,455	605,000	8,791,662
Total assets	2,676,074	6,374,729	6,334,525	3,008,764	18,394,092
Deferred Outflows of Resources					
Deferred outflows - OPEB	39,208	39,873	21,487	52,277	152,845
Deferred outflows - Pension	131,156	85,455	67,899	55,488	339,998
Total deferred outflows of resources	170,364	125,328	89,386	107,765	492,843

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2018

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	$ 98,031	$ 163,952	$ 1,359,775	$ 47,870	$ 1,669,628
Other current liabilities	277	40	12,558	-	12,875
Compensated absences	20,726	13,200	9,436	15,061	58,423
Unearned revenue	-	-	-	2,662	2,662
Total current liabilities	119,034	177,192	1,381,769	65,593	1,743,588
Noncurrent Liabilities:					
Compensated absences	63,662	57,164	54,346	83,421	258,593
Intergovernmental payables	-	-	-	-	-
Other post employment benefits obligation	742,578	755,162	406,949	990,103	2,894,792
Net pension liability	339,742	381,839	218,159	360,508	1,300,248
Total noncurrent liabilities	1,145,982	1,194,165	679,454	1,434,032	4,453,633
Total liabilities	1,265,016	1,371,357	2,061,223	1,499,625	6,197,221
Deferred Inflows of Resources					
Deferred inflows - OPEB	1,560	1,587	855	2,080	6,082
Deferred inflows - pension	152,636	197,442	81,354	186,682	618,114
Total deferred inflows of resources	154,196	199,029	82,209	188,762	624,196
Net Position					
Net investment in capital assets	98,830	2,543,430	-	587,951	3,230,211
Unrestricted (deficit)	1,328,396	2,386,241	4,280,479	840,191	8,835,307
Total net position	$ 1,427,226	$ 4,929,671	$ 4,280,479	$ 1,428,142	$ 12,065,518

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS
Year Ended September 30, 2018

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
Operating Revenues					
Internal service revenues:					
Risk management	$ -	$ -	$ 12,599,932	$ -	$ 12,599,932
Facilities and fleet management	2,919,120	3,984,364	-	-	6,903,484
Information systems management	-	-	-	3,103,720	3,103,720
Miscellaneous revenues	52,781	1,336	1,992	175,949	232,058
Total operating revenues	2,971,901	3,985,700	12,601,924	3,279,669	22,839,194
Operating Expenses					
Claims	-	-	10,608,129	-	10,608,129
Contractual services	978,629	164,126	372,209	444,939	1,959,903
Personnel services	415,480	359,633	129,098	438,575	1,342,786
Repairs and maintenance	526,969	395,275	-	1,307,324	2,229,568
Supplies	57,669	790,941	7,418	273,919	1,129,947
Depreciation	26,803	571,485	-	88,699	686,987
Total operating expenses	2,005,550	2,281,460	11,116,854	2,553,456	17,957,320
Operating income (loss)	966,351	1,704,240	1,485,070	726,213	4,881,874
Nonoperating revenues (expenses)					
Investment income	2,233	1,004	6,291	910	10,438
Other income	-	55,204	158,425	-	213,629
Gain (loss) on disposal of assets	(42,560)	5,519	-	3,417	(33,624)
Total nonoperating revenues (expenses)	(40,327)	61,727	164,716	4,327	190,443
Income (loss) before transfers	926,024	1,765,967	1,649,786	730,540	5,072,317
Transfers					
Transfers in	-	-	-	257,725	257,725
Transfers out	-	(613,716)	-	-	(613,716)
Total transfers - net	-	(613,716)	-	257,725	(355,991)
Change in net position	926,024	1,152,251	1,649,786	988,265	4,716,326
Net position - beginning of year	1,521,904	4,808,574	3,176,886	1,849,857	11,357,221
Prior period adjustment	(1,020,702)	(1,031,154)	(546,193)	(1,409,980)	(4,008,029)
Net position - end of year	$ 1,427,226	$ 4,929,671	$ 4,280,479	$ 1,428,142	$ 12,065,518

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
Year Ended September 30, 2018

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
Cash flows from operating activities:					
Receipts from interfund services provided	$ 2,918,071	$ 3,978,312	$ 12,100,142	$ 3,118,570	$ 22,115,095
Other operating revenue	52,781	1,336	1,992	175,949	232,058
Payments to suppliers	(1,663,558)	(1,342,095)	(11,065,392)	(2,095,179)	(16,166,224)
Payments to employees	(1,041,234)	(918,026)	(479,680)	(1,226,681)	(3,665,621)
Net cash provided by (used for) operating activities	266,060	1,719,527	557,062	(27,341)	2,515,308
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	257,725	257,725
Transfers to other funds	-	(613,716)	-	-	(613,716)
Net cash provided by (used for) noncapital and related financing activities	-	(613,716)	-	257,725	(355,991)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(776,970)	-	(50,461)	(827,431)
Insurance recovery proceeds	-	55,204	158,425	-	213,629
Proceeds from sale of capital assets	6,826	10,997	-	3,417	21,240
Net cash provided by (used for) capital and related financing activities	6,826	(710,769)	158,425	(47,044)	(592,562)
Cash flows from investing activities:					
Sale (purchase) of investments	(93,502)	(133,914)	(478,066)	(108,300)	(813,782)
Interest and dividends received	3,161	2,425	8,148	1,687	15,421
Net cash provided by (used for) investing activities	(90,341)	(131,489)	(469,918)	(106,613)	(798,361)
Net increase (decrease) in cash and cash equivalents	182,545	263,553	245,569	76,727	768,394
Cash and cash equivalents, beginning of year	708,224	907,903	1,674,922	714,042	4,005,091
Cash and cash equivalents, end of year	$ 890,769	$ 1,171,456	$ 1,920,491	$ 790,769	$ 4,773,485
Reconciliation of Cash and Cash Equivalents to Combining Statement of Net Position - Internal Service Funds					
Cash and cash equivalents - current	$ 890,769	$ 1,080,509	$ 129,669	$ 773,720	$ 2,874,667
Cash and cash equivalents - noncurrent	-	90,947	1,790,822	17,049	1,898,818
Total cash and cash equivalents	$ 890,769	$ 1,171,456	$ 1,920,491	$ 790,769	$ 4,773,485
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 966,351	$ 1,704,240	$ 1,485,070	$ 726,213	$ 4,881,874
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	26,803	571,485	-	88,699	686,987
(Increase) decrease in accounts receivable	-	2,166	210	12,188	14,564
(Increase) decrease in prepaid items	14,655	4,708	191,119	(38,869)	171,613
(Increase) decrease in inventories	(1,049)	(8,218)	-	-	(9,267)
(Increase) decrease in interfund loan receivable	-	-	(500,000)	-	(500,000)
(Increase) decrease in OPEB deferred outflows	(39,208)	(39,873)	(21,487)	(52,277)	(152,845)
(Increase) decrease in pension deferred outflows	121,672	160,652	70,497	237,525	590,346
Increase (decrease) in accounts payable	(114,946)	3,539	(267,455)	(30,097)	(408,959)
Increase (decrease) in other current liabilities	-	-	(1,300)	(31)	(1,331)
Increase (decrease) in compensated absences	14,857	6,981	(3,880)	(4,889)	13,069
Increase (decrease) in unearned revenues	-	-	-	2,662	2,662
Increase (decrease) in other post employment benefits	(563,773)	(573,330)	(308,961)	(751,698)	(2,197,762)
Increase (decrease) in net pension liability	(242,454)	(246,564)	(132,871)	(323,272)	(945,161)
Increase (decrease) in OPEB deferred inflows	1,560	1,587	855	2,080	6,082
Increase (decrease) in pension deferred inflows	81,592	132,154	45,265	104,425	363,436
Total adjustments	(700,291)	15,287	(928,008)	(753,554)	(2,366,566)
Net cash provided by (used for) operating activities	$ 266,060	$ 1,719,527	$ 557,062	$ (27,341)	$ 2,515,308

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Water sales & charges				
Water sales	$ 21,440,826	$ 22,549,295	$ 23,172,752	$ 623,457
Water taps	34,515	34,515	38,815	4,300
Water inspection fees	40,482	40,482	63,370	22,888
Sub-total	21,515,823	22,624,292	23,274,937	650,645
Sewer sales & charges				
Sewer sales	11,259,548	11,867,835	12,106,136	238,301
Sewer taps	10,600	10,600	11,750	1,150
Sewer inspection fees	24,000	25,673	35,789	10,116
Sub-total	11,294,148	11,904,108	12,153,675	249,567
Miscellaneous				
Interest income	78,309	103,500	120,169	16,669
Service charges	153,200	149,300	143,759	(5,541)
Late charges	420,000	420,000	449,044	29,044
Miscellaneous	36,034	37,600	2,056,342	2,018,742
Joint use reimbursement - Watauga	104,048	60,000	57,724	(2,276)
Subdivision meter revenue	49,332	56,193	56,994	801
Sub-total	840,923	826,593	2,884,032	2,057,439
Appropriation of fund balance				
Previous year encumbrances	685,883	775,726	-	(775,726)
Sub-total	685,883	775,726	-	(775,726)
Total Revenues	$ 34,336,777	$ 36,130,719	$ 38,312,644	$ 2,181,925
Expenses				
Operating				
Administration	$ 334,024	$ 334,377	$ 330,729	$ 3,648
Development	896,822	860,765	835,637	25,128
Right of way maintenance	233,754	301,628	245,981	55,647
Sub-total	1,464,600	1,496,770	1,412,347	84,423
Water services				
Water operations	4,701,399	4,659,804	4,481,466	178,338
Purchase of water FTW	4,787,352	4,787,352	4,706,889	80,463
Purchase of water TRA	5,788,101	5,788,101	6,499,342	(711,241)
Sub-total	15,276,852	15,235,257	15,687,697	(452,440)
Sewer services				
Sewer operations	1,455,258	1,435,493	1,380,901	54,592
Sewer treatment FTW	1,390,101	1,390,101	1,435,478	(45,377)
Sewer treatment TRA	4,561,306	4,594,284	4,594,248	36
Sub-total	7,406,665	7,419,878	7,410,627	9,251

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Expenses (continued)				
Finance/Utility Collections:				
Meter reading	$ 519,638	$ 520,344	$ 501,660	$ 18,684
Utility billing/customer service	974,423	976,011	934,234	41,777
Utility collection services	240,027	233,424	230,834	2,590
Accounting services	420,264	419,163	403,832	15,331
Budget & research	227,555	221,100	218,301	2,799
Sub-total	2,381,907	2,370,042	2,288,861	81,181
Building services	1,822,929	1,822,929	1,822,929	-
Non-departmental	291,069	408,025	177,419	230,606
Sub-total Departments	28,644,022	28,752,901	28,799,880	(46,979)
Other & Reserves				
Debt service	1,119,008	1,119,008	1,109,688	9,320
Franchise fee	943,831	981,011	1,003,680	(22,669)
Indirect costs	2,304,572	2,304,572	2,304,572	-
Payment in lieu of taxes	392,821	392,821	392,821	-
Transfer from utility cip reserve to information services fund	175,000	175,000	175,000	-
Reserve for capital	757,523	2,405,406	757,523	1,647,883
Total other & reserves	5,692,755	7,377,818	5,743,284	1,634,534
Total expenses	34,336,777	36,130,719	34,543,164	1,587,555
Balance	$ -	$ -	$ 3,769,480	$ 3,769,480

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - AQUATIC PARK
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Operating:				
Admissions	$ 3,678,150	$ 3,295,000	$ 2,840,631	$ (454,369)
Food and beverage	1,019,552	870,700	675,021	(195,679)
Merchandise	158,100	154,000	113,567	(40,433)
Rentals	249,787	185,000	130,093	(54,907)
Aquatic classes/special events	-	-	10,416	10,416
Sub-total	5,105,589	4,504,700	3,769,728	(734,972)
Other revenues:				
Interest income	12,600	16,309	14,537	(1,772)
Other	50,250	60,250	42,362	(17,888)
Sub-total	62,850	76,559	56,899	(19,660)
Sub-total revenues	5,168,439	4,581,259	3,826,627	(754,632)
Appropriation of fund balance	100,000	-	-	-
Total Revenues	$ 5,268,439	$ 4,581,259	$ 3,826,627	$ (754,632)
Expenses				
Operating:				
General services & utilities	$ 850,866	$ 807,085	$ 816,727	$ (9,642)
Public grounds/aquatics/maintenance	1,253,254	1,116,236	1,156,580	(40,344)
Business & office administration	602,287	539,220	511,154	28,066
Gift shop/concessions	631,994	596,266	548,330	47,936
Sales/special events/admissions	289,297	270,454	259,810	10,644
Sub-total	3,627,698	3,329,261	3,292,601	36,660
Other and Reserves:				
Debt service	904,109	905,234	905,186	48
Bond refunding				-
Transfer for capital projects	100,000	100,000	100,000	-
Transfer out - PARD	87,869	-	-	-
Indirect costs	174,963	174,963	-	174,963
Reserve for:				
Infrastructure & major repairs	323,749	24,049	-	24,049
Non-departmental	50,051	47,752	52,000	(4,248)
Total Other & reserves	1,640,741	1,251,998	1,057,186	194,812
Total expenses	5,268,439	4,581,259	4,349,787	231,472
Balance	$ -	$ -	$ (523,160)	$ (523,160)

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GOLF
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Green fees	$ 1,002,000	$ 868,000	$ 845,548	$ (22,452)
Pro shop	392,000	413,000	389,030	(23,970)
Driving range	85,000	70,000	185,218	115,218
Carts	391,000	357,990	315,276	(42,714)
Food & beverage	690,000	743,971	625,254	(118,717)
General & administrative	1,167	-	77	77
Other revenues:	13,904	38,454	42,832	4,378
Total Revenues	2,575,071	2,491,415	2,403,235	(88,180)
Expenses				
Operating				
Pro shop	165,461	138,758	91,489	47,269
Pro shop: cost of goods sold	143,000	177,031	160,495	16,536
Driving range	16,200	13,200	14,862	(1,662)
Golf carts	222,224	240,580	243,858	(3,278)
Course maintenance	626,700	596,520	595,870	650
Food & beverage	280,952	306,963	311,547	(4,584)
Food & beverage: cost of goods sold	215,660	227,764	209,681	18,083
Sales & membership	56,764	50,000	280	49,720
General & administrative	232,523	270,766	355,242	(84,476)
Clubhouse	120,544	105,644	96,681	8,963
Management fees	113,434	142,000	135,903	6,097
Capital	217,641	58,221	156,105	(97,884)
Sub-total	2,411,103	2,327,447	2,372,013	(44,566)
Other and Reserves				
Debt service	63,968	63,968	63,834	134
Reserve for Equipment/CIP	100,000	100,000	-	100,000
Total Other & reserves	163,968	163,968	63,834	100,134
Total expenses	2,575,071	2,491,415	2,435,847	55,568
Balance	$ -	$ -	$ (32,612)	$ (32,612)

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FACILITIES AND CONSTRUCTION
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service				
Transfer from				
General fund	$ 812,101	$ 812,101	$ 812,101	$ -
Parks development fund	294,150	284,090	284,090	-
Utility fund	1,822,929	1,822,929	1,822,929	-
Sub-total	2,929,180	2,919,120	2,919,120	-
Other revenues				
Interest income	13,102	23,000	24,743	1,743
Rent from rental properties	72,000	72,000	55,481	(16,519)
Other income	-	-	(45,260)	(45,260)
Sub-total	85,102	95,000	34,964	(60,036)
Sub-total revenues	3,014,282	3,014,120	2,954,084	(60,036)
Total Revenues	$ 3,014,282	$ 3,014,120	$ 2,954,084	$ (60,036)
Expenses				
Operating:				
General services	$ 345,312	$ 346,908	$ 325,124	$ 21,784
Building services	2,357,416	2,374,245	2,182,135	192,110
Rental property program	46,120	73,120	66,509	6,611
Transfer to capital budget	60,000	60,000	-	60,000
Sub-total	2,808,848	2,854,273	2,573,768	280,505
Other and Reserves:				
Other	19,084	16,077	16,077	-
Reserve for rental property	186,350	143,770	143,770	-
Total Other & reserves	205,434	159,847	159,847	-
Total expenses	3,014,282	3,014,120	2,733,615	280,505
Balance	$ -	$ -	$ 220,469	$ 220,469

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FLEET SERVICES
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service				
Transfer from				
General fund	$ 968,193	$ 1,389,677	$ 1,389,677	$ -
Utility fund	1,967,647	1,967,647	1,967,647	-
Utility CIP/utility customers	288,678	288,678	288,678	-
Crime control district	170,426	170,426	170,426	-
Parks development fund	143,939	143,939	143,817	(122)
Other funds	40,278	24,119	24,119	-
Sub-total	3,579,161	3,984,486	3,984,364	(122)
Other revenues				
Interest income	17,608	30,000	35,726	5,726
Sale of city property	50,000	50,000	34,429	(15,571)
Other income	6,660	52,457	56,540	4,083
Sub-total	74,268	132,457	126,695	(5,762)
Sub-total revenues	3,653,429	4,116,943	4,111,059	(5,884)
Appropriation of fund balance:				
Prior year encumbrances	-	732,668	-	(732,668)
Total Revenues	$ 3,653,429	$ 4,849,611	$ 4,111,059	$ (738,552)
Expenses				
General services	$ 341,567	$ 192,475	$ 176,085	$ 16,390
Equipment services operations	1,531,810	1,597,499	1,563,460	34,039
Fire fleet maintenance	301,746	554,840	413,626	141,214
Equipment purchases	352,955	639,076	464,046	175,030
Fire vehicles/equipment	92,162	192,355	115,294	77,061
Police vehicles/equipment	537,118	767,532	337,029	430,503
Sub-total	3,157,358	3,943,777	3,069,540	874,237
Other and Reserves				
Debt service	-	421,484	421,484	-
Other	210,324	252,754	207,730	45,024
Equipment services reserves	285,747	231,596	231,596	-
Total Other & reserves	496,071	905,834	860,810	45,024
Total expenses	3,653,429	4,849,611	3,930,350	919,261
Balance	$ -	$ -	$ 180,709	$ 180,709

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SELF INSURANCE FUND
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Allocations				
Health/medical	$ 11,475,781	$ 11,524,435	$ 11,614,445	$ 90,010
Worker's compensation	500,390	500,390	500,390	-
Administration allocation	604,647	612,702	605,920	(6,782)
Other insurance	696,798	696,798	701,581	4,783
Sub-total	13,277,616	13,334,325	13,422,336	88,011
Other revenues				
Interest income	36,604	39,430	57,782	18,352
Other income	95,800	133,500	132,519	(981)
Expenditure reimbursement	400,000	645,000	783,065	138,065
Sub-total	532,404	817,930	973,366	155,436
Sub-total revenues	13,810,020	14,152,255	14,395,702	243,447
Appropriation of fund balance	100,000	100,000	-	(100,000)
Total Revenues	$ 13,910,020	$ 14,252,255	$ 14,395,702	$ 143,447
Expenses				
Health/medical	$ 11,870,884	$ 11,867,884	$ 11,483,456	$ 384,428
Worker's compensation	592,520	592,520	35,901	556,619
Personnel expenses	515,347	515,347	472,280	43,067
Other insurance	589,799	592,799	551,421	41,378
Other expenses	95,800	133,500	105,129	28,371
Life insurance premium	107,000	107,000	105,713	1,287
Sub-total	13,771,350	13,809,050	12,753,900	1,055,150
Other and Reserves:				
Retiree health care fund reserve	138,670	443,205	100,000	343,205
Total expenses	13,910,020	14,252,255	12,853,900	1,398,355
Balance	$ -	$ -	$ 1,541,802	$ 1,541,802

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - INFORMATION TECHNOLOGY
Year Ended September 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Telecommunications				
Transfer from				
General fund	$ 371,220	$ 371,220	$ 371,220	$ -
Park fund	37,493	37,493	37,493	-
Crime control district	30,256	30,796	30,796	-
Utility fund	93,965	93,965	93,965	-
Other funds	67,487	67,487	65,309	(2,178)
Sub-total	600,421	600,961	598,783	(2,178)
Computers				
Transfer from				
General fund	1,096,395	1,098,225	1,098,076	(149)
Park fund	118,506	118,506	118,506	-
Crime control district	193,427	194,627	194,627	-
Utility fund	771,562	771,562	771,562	-
Other funds	322,166	322,166	322,166	-
Sub-total	2,502,056	2,505,086	2,504,937	(149)
Other revenues				
Interest income	12,322	17,000	20,445	3,445
Transmitter lease	152,958	152,958	175,948	22,990
Other income	-	36	3,418	3,382
Transfer from general fund	82,725	82,725	82,725	-
Transfer from utility fund	175,000	175,000	175,000	-
Sub-total	423,005	427,719	457,536	29,817
Sub-total revenues	3,525,482	3,533,766	3,561,256	27,490
Appropriation of fund balance				
Prior year encumbrances	-	7,969	-	(7,969)
Total Revenues	$ 3,525,482	$ 3,541,735	$ 3,561,256	$ 19,521
Expenses				
General services	$ 270,868	$ 271,404	$ 266,607	$ 4,797
Major computer systems	397,658	383,544	372,734	10,810
Microcomputer systems	788,657	762,253	683,493	78,760
Telecommunications	485,886	481,062	425,989	55,073
Data network	775,032	817,797	751,287	66,510
GIS system	181,162	177,952	175,726	2,226
Public safety	530,875	582,722	540,204	42,518
Sub-total	3,430,138	3,476,734	3,216,040	260,694
Other and Reserves				
Other	12,619	9,789	9,789	-
Reserve for system improvements	82,725	55,212	55,212	-
Total Other & reserves	95,344	65,001	65,001	-
Total expenses	3,525,482	3,541,735	3,281,041	260,694
Balance	$ -	$ -	$ 280,215	$ 280,215

A. General Debt Service Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	38,582
The City budgets "Appropriations of Fund Balances" revenues as a inflow of resources but for GAAP purposes these inflows were recognized in prior periods.		(6,783)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(2,113)
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund -- General Debt Service	$	29,686

B. Promotional Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	40,148
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(5,321)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay		(1,011)
The City budgets specific “Reserves” or “Contributions to Reserves” as expenditures or as an outflow but in GAAP statements it is not an expenditure		27,619
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Promotional Fund	$	61,435

C. Donations Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	(7,922)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(5,391)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Donations Fund	$	(13,313)

D. Special Investigation Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	24,086
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(2,538)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.		(2,031)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Special Investigation Fund	$	19,517

E. Drainage Utility Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	(290,500)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(3,813)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Drainage Utility Fund	$	(294,313)

F. Crime Control District Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	173,579
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(965)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.		(6,314)
The City budgets specific “Reserves” or “Contributions to Reserves” as expenditures or as an outflow but in GAAP statements it is not an expenditure.		19,374
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Crime Control District Fund	$	185,674

G. Traffic Safety Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	11,000
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition		(6,883)
The City budgets specific "Reserves" or "Contributions to Reserves" as expenditures or as an outflow but in GAAP statements it is not an expenditure.		636
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Traffic Safety Fund	$	4,753

H. Utility Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	3,769,480
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(4,634,247)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		2,255,097
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		(6,819)
Certain expenses related to construction are included in the GAAP Statement and are not reported in the budgetary basis schedule.		1,900,864
Outflows of resources that represent debt service payments and related amortized costs for budgetary purposes are recognized as expense in budget basis statements		811,882
Inflows of resources that represent accrued revenue and not cash receipts are not recognized as revenues in budget basis statements.		(491,374)
Special funded projects are appropriated through long range capital improvement budget in which segregated funding is appropriated outside of the operating budget		(907,523)
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Utility Fund	$	2,697,360

I. Aquatic Park Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	(523,160)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		91,409
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(915,355)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Compensating Balances.		524,638
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.		(9,249)
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized expense in budget basis statements		674,474
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget		(69,523)
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Aquatic Park	$	(226,766)

J. Golf Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	(32,612)
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(349,948)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition		(5,948)
Outflows of resources representing expenses of prior year adjustment are recognized for budgetary purposes as reduction in reserves prior transferred. This amount represents audit adjustments that effect a prior period and prior budgetary period.		207,405
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized expense in budget basis statements		49,630
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition.		3,494
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Golf Fund	$	(127,979)

K. Facilities and Construction Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	220,469
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(26,804)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		769,524
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.		(1,063)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition.		(22,510)
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget.		(13,592)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Facilities and Construction Fund	$	926,024

L. Fleet Services Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	180,709
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(299,380)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		517,882
Increase (decrease) in investment fair value changes are not considered a resource/inflows for budgetary recognition		(34,722)
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule		(28,910)
Resources obtained for special funded projects are appropriated through long range capital improvement budget in which separate from the operating budget		821,380
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage		(4,708)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Fleet Fund	$	1,152,251

M. Self Insurance Fund Budget-to-Actual Reconciliation

An explanation of the

Net increase (decrease) to budgetary net position	$	1,541,802
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		350,596
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition		(51,492)
Outflows of resources for prepaid expenses for budgetary purposes are immediately expense recognition until the period of coverage		(191,120)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Self Insurance Fund	$	1,649,786

N. Information Technology Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	280,215
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(88,699)
Pension Liability, and Compensating Balances.		728,999
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition		(19,534)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		114,318
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage		38,869
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget		(65,903)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net	$	988,265

Statistical Section
(Unaudited)

The NRH water and sewer utility provides services to over 21,000 residential and business customers. The water provided by the city consistently meets or exceeds all state and federal drinking water requirements. The City of North Richland Hills purchases its drinking water, as well as sewer treatment services, from the City of Fort Worth and the Trinity River Authority as a wholesale customer. The Public Works Department Utility Division is responsible for maintenance of the city's water and sewer infrastructure.

Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF NORTH RICHLAND HILLS, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	Fiscal Year				
	2018	**2017**	**2016**	**2015**	**2014**
Governmental Activities					
Net investment in capital assets	$214,081,749	$208,508,926	$199,625,197	$196,388,094	$196,926,762
Restricted	16,138,949	11,257,910	4,005,996	3,451,280	4,115,704
Unrestricted	(4,852,295)	15,716,225	28,160,118	30,601,993	39,299,589
Total governmental activities net position	$225,368,403	$235,483,061	$231,791,311	$230,441,367	$240,342,055
Business-type Activities					
Net investment in capital assets	$ 74,787,942	$ 52,999,815	$ 54,387,271	$ 57,335,778	$ 58,375,965
Restricted	4,260,462	3,764,244	3,507,899	4,153,891	3,788,127
Unrestricted	8,737,576	9,421,299	13,365,978	17,209,164	22,414,369
Total business-type net position	$ 87,785,980	$ 66,185,358	$ 71,261,148	$ 78,698,833	$ 84,578,461
Primary Government					
Net investment in capital assets	$288,869,691	$261,508,741	$254,012,468	$253,723,872	$255,302,727
Restricted	20,399,411	15,022,154	7,513,895	7,605,171	7,903,831
Unrestricted	3,885,281	25,137,524	41,526,096	47,811,157	61,713,958
Total primary government net position	$313,154,383	$301,668,419	$303,052,459	$309,140,200	$324,920,516

	Fiscal Year				
	2013	**2012**	**2011**	**2010**	**2009**
Governmental Activities					
Net investment in capital assets	$205,397,867	$205,162,006	$178,349,544	$164,973,337	$142,066,447
Restricted	4,634,803	4,253,430	3,368,190	3,715,127	4,693,345
Unrestricted	26,228,262	23,572,411	37,099,102	35,253,260	52,082,125
Total governmental activities net position	$236,260,932	$232,987,847	$218,816,836	$203,941,724	$198,841,917
Business-type Activities					
Net investment in capital assets	$ 62,044,064	$ 62,615,382	$ 65,810,811	$ 61,160,189	$ 62,354,993
Restricted	3,762,460	2,710,553	2,600,187	2,610,287	3,018,779
Unrestricted	20,753,387	22,957,383	21,455,781	21,724,799	25,309,106
Total business-type net position	$ 86,559,911	$ 88,283,318	$ 89,866,779	$ 85,495,275	$ 90,682,878
Primary Government					
Net investment in capital assets	$267,441,931	$267,777,388	$244,160,355	$226,133,526	$204,421,440
Restricted	8,397,263	6,963,983	5,968,377	6,325,414	7,712,124
Unrestricted	46,981,649	46,529,794	58,554,883	56,978,059	77,391,231
Total primary government net position	$322,820,843	$321,271,165	$308,683,615	$289,436,999	$289,524,795

	Fiscal Year				
	2018	**2017**	**2016**	**2015**	**2014**
Expenses					
Governmental Activities:					
General government	$ 7,726,396	$ 10,056,228	$ 17,381,050	$ 11,393,967	$ 11,226,130
Public safety	10,115,202	36,900,873	36,372,485	31,515,975	31,035,115
Culture and recreation	7,985,984	13,477,176	12,638,389	12,542,034	11,931,205
Public works	10,465,375	11,362,841	9,569,723	8,958,913	8,962,500
Interest and other fees	3,562,127	3,743,076	4,016,128	4,488,461	3,915,632
Total governmental activities expenses	39,855,084	75,540,194	79,977,775	68,899,350	67,070,582
Business-Type Activities:					
Utility	32,041,219	31,655,646	31,490,416	30,228,765	28,066,386
Aquatic park	4,044,801	4,863,609	5,006,324	4,354,652	4,542,966
Golf course	2,562,080	2,554,338	2,465,475	2,394,132	2,433,004
Total business-type activities expenses	38,648,100	39,073,593	38,962,215	36,977,549	35,042,356
Total primary government expenses	$ 78,503,184	$ 114,613,787	$ 118,939,990	$ 105,876,899	$ 102,112,938
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 4,835,477	$ 5,904,994	$ 4,158,829	$ 5,145,175	$ 5,521,811
Public safety	2,757,133	2,443,763	3,486,887	3,894,194	3,655,306
Culture and recreation	3,487,459	3,274,056	3,246,982	3,104,181	3,100,292
Public works	1,100,243	1,118,102	979,812	1,063,766	1,136,920
Operating grants and contributions	7,086,384	4,910,865	3,336,301	2,966,484	2,826,280
Capital grants and contributions	225,013	1,647,847	4,575,258	478,587	2,676,372
Total governmental activities program revenues	19,491,709	19,299,627	19,784,069	16,652,387	18,916,981
Business-Type Activities					
Charges for services:					
Utility	37,145,864	31,983,377	30,544,439	29,826,840	30,483,178
Aquatic park	3,759,312	4,117,435	4,005,048	4,237,734	4,019,970
Golf course	2,361,058	2,543,641	2,552,175	2,335,223	2,314,514
Operating grants and contributions	-	-	-	-	84,842
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	43,266,234	38,644,453	37,101,662	36,399,797	36,902,504
Total primary government program revenues	$ 62,757,943	$ 57,944,080	$ 56,885,731	$ 53,052,184	$ 55,819,485
Net (Expense) Revenue					
Governmental activities	$ (20,363,375)	$ (56,240,567)	$ (60,193,706)	$ (52,246,963)	$ (48,153,601)
Business-type activities	4,618,134	(429,140)	(1,860,553)	(577,752)	1,860,148
Total primary government net expense	$ (15,745,241)	$ (56,669,707)	$ (62,054,259)	$ (52,824,715)	$ (46,293,453)

	Fiscal Year				
	2013	**2012**	**2011**	**2010**	**2009**
Expenses					
Governmental Activities:					
General government	$ 10,656,322	$ 10,399,845	$ 9,886,731	$ 14,653,747	$ 16,355,871
Public safety	30,611,650	28,881,714	28,512,136	26,172,292	27,772,668
Culture and recreation	11,633,882	11,679,786	9,352,354	9,468,346	10,718,579
Public works	8,398,711	7,794,339	7,679,001	8,388,531	2,126,721
Interest and other fees	3,673,780	3,453,283	2,108,277	1,761,128	2,269,541
Total governmental activities expenses	64,974,345	62,208,967	57,538,499	60,444,044	59,243,380
Business-Type Activities:					
Utility	27,623,220	26,642,141	27,981,025	27,313,424	25,121,565
Aquatic park	4,749,688	4,753,949	4,507,561	4,188,892	4,105,695
Golf course	2,566,632	2,429,973	2,227,315	2,236,113	2,217,868
Total business-type activities expenses	34,939,540	33,826,063	34,715,901	33,738,429	31,445,128
Total primary government expenses	$ 99,913,885	$ 96,035,030	$ 92,254,400	$ 94,182,473	$ 90,688,508
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 5,497,050	$ 5,490,245	$ 5,466,876	$ 8,619,557	$ 4,547,658
Public safety	4,204,508	3,426,008	2,668,111	2,918,356	4,922,180
Culture and recreation	3,001,249	2,381,024	858,241	909,267	1,446,132
Public works	937,102	932,819	857,809	839,309	1,896,764
Operating grants and contributions	2,545,158	1,833,138	879,524	964,914	1,142,243
Capital grants and contributions	2,938,951	7,401,996	17,644,326	6,806,586	11,341,668
Total governmental activities program revenues	19,124,018	21,465,230	28,374,887	21,057,989	25,296,645
Business-Type Activities					
Charges for services:					
Utility	30,160,950	28,445,746	28,921,168	24,324,685	25,060,898
Aquatic park	4,377,388	4,548,828	4,587,899	4,090,087	3,858,389
Golf course	2,371,010	2,443,865	2,324,118	2,264,256	2,509,577
Operating grants and contributions	138,831	80,660	-	-	-
Capital grants and contributions	7,291	50,744	4,643,096	271,624	-
Total business-type activities program revenues	37,055,470	35,569,843	40,476,281	30,950,652	31,428,864
Total primary government program revenues	$ 56,179,488	$ 57,035,073	$ 68,851,168	$ 52,008,641	$ 56,725,509
Net (Expense) Revenue					
Governmental activities	$ (45,850,327)	$ (40,743,737)	$ (29,163,612)	$ (39,386,055)	$ (33,946,735)
Business-type activities	2,115,930	1,743,780	5,760,380	(2,787,777)	(16,264)
Total primary government net expense	$ (43,734,397)	$ (38,999,957)	$ (23,403,232)	$ (42,173,832)	$ (33,962,999)

	Fiscal Year				
	2018	**2017**	**2016**	**2015**	**2014**
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	$ 32,519,445	$ 29,852,651	$ 27,060,196	$ 26,099,238	$ 24,903,041
Sales tax	20,519,795	19,838,314	19,324,022	18,571,502	18,007,872
Mixed beverage	145,495	145,222	139,062	138,100	129,512
Franchise and other taxes	4,093,150	4,015,982	4,437,141	4,502,303	4,332,756
Occupancy	301,835	278,764	275,072	232,793	206,930
Unrestricted investment earnings	396,058	285,287	522,485	514,062	320,460
Special Items		-	-	-	-
Miscellaneous	3,237,668	637,784	4,077,647	188,123	142,074
Transfers	2,685,453	4,878,313	5,708,025	3,973,821	4,162,160
Total governmental activities	63,898,899	59,932,317	61,543,650	54,219,942	52,204,805
Business-Type Activities:					
Unrestricted investment earnings	63,542	74,378	127,777	119,568	20,007
Miscellaneous	2,153,798	157,285	3,116	35,052	300,555
Transfers	(2,685,453)	(4,878,313)	(5,708,025)	(3,973,821)	(4,162,160)
Total business-type activities	(468,113)	(4,646,650)	(5,577,132)	(3,819,201)	(3,841,598)
Total primary government	$ 63,430,786	$ 55,285,667	$ 55,966,518	$ 50,400,741	$ 48,363,207
Changes in Net Position:					
Governmental activities	$ 43,535,524	$ 3,691,750	$ 1,349,944	$ 1,972,979	$ 4,051,204
Business-type activities	4,150,021	(5,075,790)	(7,437,685)	(4,396,953)	(1,981,450)
Total primary government	$ 47,685,545	$ (1,384,040)	$ (6,087,741)	$ (2,423,974)	$ 2,069,754

	Fiscal Year				
	2013	**2012**	**2011**	**2010**	**2009**
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	$ 24,126,068	$ 22,222,620	$ 19,339,750	$ 19,909,976	$ 20,605,670
Sales tax	17,359,807	16,974,086	16,645,412	16,428,281	16,058,728
Mixed beverage	117,223	101,724	128,007	118,253	117,757
Franchise and other taxes	4,166,579	4,269,229	4,329,500	3,956,663	3,802,559
Occupancy	221,003	210,324	238,410	240,387	152,220
Unrestricted investment earnings	258,705	300,928	495,386	588,866	1,611,632
Special Items	-	-	-	-	-
Miscellaneous	205,445	288,093	1,271,555	553,412	188,512
Transfers	3,674,512	3,384,630	1,590,704	2,690,024	2,586,937
Total governmental activities	50,129,342	47,751,634	44,038,724	44,485,862	45,124,015
Business-Type Activities:					
Unrestricted investment earnings	80,950	50,479	171,125	236,674	740,393
Miscellaneous	5,380	6,909	30,703	53,524	(10,986)
Transfers	(3,674,512)	(3,384,630)	(1,590,704)	(2,690,024)	(2,586,937)
Total business-type activities	(3,588,182)	(3,327,242)	(1,388,876)	(2,399,826)	(1,857,530)
Total primary government	$ 46,541,160	$ 44,424,392	$ 42,649,848	$ 42,086,036	$ 43,266,485
Changes in Net Position:					
Governmental activities	$ 4,279,015	$ 7,007,897	$ 14,875,112	$ 5,099,807	$ 11,177,280
Business-type activities	(1,472,252)	(1,583,462)	4,371,504	(5,187,603)	(1,873,794)
Total primary government	$ 2,806,763	$ 5,424,435	$ 19,246,616	$ (87,796)	$ 9,303,486

	Fiscal Year			
	2018	**2017**	**2016**	**2015**
General fund				
Nonspendable	$ 155,629	$ 235,578	$ 134,812	$ 341,273
Restricted	1,128,109	986,704	572,174	567,522
Assigned	285,135	114,058	705,694	929,092
Unassigned	11,959,306	10,683,474	8,117,775	9,457,571
Total General fund	13,528,179	12,019,814	9,530,455	11,295,458
All other governmental funds				
Nonspendable	15,408	35,791	51,958	33,195
Restricted	33,168,349	30,949,263	29,505,140	44,653,934
Committed	2,251,461	2,130,744	2,067,819	1,565,680
Assigned	8,318,816	19,884,686	22,476,772	19,075,193
Unassigned	-	-	-	(406,809)
Total all other governmental funds	43,754,034	53,000,484	54,101,689	64,921,193
Total all governmental funds	$57,282,213	$65,020,298	$ 63,632,144	$ 76,216,651

Notes: GASB 54 Fund Balance reporting was implemented in 2011.

	Fiscal Year			
	2014	**2013**	**2012**	**2011**
General fund				
Nonspendable	$ 450,459	$ 669,275	$ 707,569	$ 926,707
Restricted	476,163	1,123,587	868,715	653,526
Assigned	3,811,011	3,963,333	3,759,566	1,848,329
Unassigned	9,070,595	9,186,072	8,992,908	9,838,310
Total General fund	13,808,228	14,942,267	14,328,758	13,266,872
All other governmental funds				
Nonspendable	50,288	27,002	47,202	30,308
Restricted	74,611,779	63,631,314	60,696,117	30,997,610
Committed	1,070,103	4,161,319	3,622,301	6,221,018
Assigned	10,674,838	17,280,746	16,333,423	6,480,459
Unassigned	-	-	-	-
Total all other governmental funds	86,407,008	85,100,381	80,699,043	43,729,395
Total all governmental funds	$ 100,215,236	$ 100,042,648	$ 95,027,801	$ 56,996,267

Notes: GASB 54 Fund Balance reporting was implemented in 2011.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 4*
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS *Page 1 of 2*
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2018	**2017**	**2016**	**2015**	**2014**
Revenues					
Taxes	$ 57,455,121	$ 54,092,627	$ 51,253,936	$ 49,541,169	$ 47,625,477
Licenses and permits	2,150,745	2,326,087	2,534,768	1,520,086	1,632,278
Charges for services	7,086,865	6,120,805	6,027,624	5,904,848	6,681,429
Gas utility leases and royalties	555,185	454,264	263,932	664,788	1,187,340
Fines	1,973,660	2,212,430	1,892,511	2,222,995	1,990,953
Civil citations	-	1,088,773	1,322,940	1,226,567	990,714
Contributions	428,977	362,139	1,795,872	277,972	199,825
Special assessments	8,764	775	3,755	12,095	-
Investment income	385,620	304,456	475,680	437,668	319,622
Intergovernmental	6,892,700	6,194,623	6,121,987	4,305,248	5,072,166
Forfeitures	86,783	92,346	112,118	67,598	107,275
Developer contributions	-	-	-	-	600,000
Miscellaneous	333,603	354,955	366,569	263,251	388,858
Total Revenues	77,358,023	73,604,280	72,171,692	66,444,285	66,795,937
Expenditures					
General government	10,259,209	10,447,419	9,965,076	9,299,236	10,155,142
Public safety	34,610,632	33,044,578	31,277,423	30,050,383	29,022,814
Culture and recreation	10,335,379	10,186,032	9,634,940	9,534,702	9,231,503
Public works	3,193,928	3,153,832	3,088,996	3,024,822	2,924,516
Capital outlay	19,572,041	15,089,154	27,524,601	55,831,018	30,729,875
Debt Service:					
Principal retirement	10,745,000	10,515,000	11,187,728	9,999,376	8,578,960
Interest and fiscal charges	3,941,465	4,165,468	4,327,617	4,506,910	3,924,385
Total Expenditures	92,657,654	86,601,483	97,006,381	122,246,447	94,567,195
Excess of revenues over (under) expenditures	(15,299,631)	(12,997,203)	(24,834,689)	(55,802,162)	(27,771,258)
Other Financing Sources (Uses)					
Issuance of debt	-	7,545,000	1,850,000	22,215,000	24,360,000
Issuance of refunding debt	-	1,695,000	2,006,810	10,416,576	3,936,985
Premium on issuance of debt	-	362,160	97,212	3,265,946	310,000
Payment to refunded bond escrow agent	-	(1,682,019)	(2,025,720)	(10,416,576)	(3,936,985)
Proceeds from sale of assets	2,712,696	505,650	3,977,054	136,558	19,500
Payment in lieu of taxes	-	-	-	-	-
Transfers in	12,180,950	14,617,046	19,233,421	12,337,451	16,597,422
Transfers (out)	(7,332,100)	(8,657,479)	(12,888,595)	(6,151,378)	(13,343,076)
Total other financing sources (uses)	7,561,546	14,385,358	12,250,182	31,803,577	27,943,846
Net change in fund balances	$ (7,738,085)	$ 1,388,155	$ (12,584,507)	$ (23,998,585)	$ 172,588
Debt service as a percentage of noncapital expenditures	20.1%	20.5%	22.3%	21.8%	19.6%

	Fiscal Year				
	2013	**2012**	**2011**	**2010**	**2009**
Revenues					
Taxes	$ 45,990,682	$ 43,777,983	$ 40,681,079	$ 40,842,538	$ 40,736,934
Licenses and permits	1,764,004	1,543,875	1,375,742	1,148,594	988,020
Charges for services	6,800,050	6,715,031	6,076,625	7,588,891	6,562,241
Gas utility leases and royalties	-	-	-	-	-
Fines	2,424,064	2,421,696	2,665,135	2,631,813	2,677,901
Civil citations	923,282	778,393	674,745	726,274	999,584
Contributions	140,385	176,740	187,813	192,501	160,194
Special assessments	10,116	200	8,748	-	276,475
Investment income	177,178	415,326	383,453	538,193	1,250,127
Intergovernmental	4,467,635	5,732,323	9,070,672	3,188,918	2,477,191
Forfeitures	323,285	138,604	183,295	232,054	146,830
Developer contributions	-	-	-	-	-
Miscellaneous	1,318,985	1,363,579	445,214	1,876,282	517,492
Total Revenues	64,339,666	63,063,750	61,752,521	58,966,058	56,792,989
Expenditures					
General government	10,673,511	10,829,793	10,311,297	10,435,250	9,459,393
Public safety	28,317,163	26,959,990	25,934,692	24,697,961	25,262,159
Culture and recreation	9,290,204	9,163,107	7,453,931	7,344,261	8,545,815
Public works	3,563,149	3,601,659	2,416,186	2,518,081	2,478,800
Capital outlay	10,208,747	15,945,071	15,475,441	14,301,095	10,506,569
Debt Service:					
Principal retirement	8,523,434	8,846,947	8,187,696	7,115,319	5,699,394
Interest and fiscal charges	3,659,348	3,092,172	2,194,444	2,161,325	2,048,696
Total Expenditures	74,235,556	78,438,739	71,973,687	68,573,292	64,000,826
Excess of revenues over (under) expenditures	(9,895,890)	(15,374,989)	(10,221,166)	(9,607,234)	(7,207,837)
Other Financing Sources (Uses)					
Issuance of debt	9,845,000	26,224,251	7,315,000	9,186,475	8,503,525
Issuance of refunding debt	-	3,699,388	-	-	-
Premium on issuance of debt	300,486	546,164	358,270	42,075	242
Payment to refunded bond escrow agent	-	(3,809,076)	-	-	-
Proceeds from sale of assets	799,045	3,145,280	806,479	34,678	188,512
Payment in lieu of taxes	-	-	-	-	-
Transfers in	7,782,662	8,705,604	5,659,688	8,158,092	9,274,945
Transfers (out)	(3,816,456)	(4,842,779)	(4,304,576)	(7,540,830)	(7,759,444)
Total other financing sources (uses)	14,910,737	33,668,832	9,834,861	9,880,490	10,207,780
Net change in fund balances	$ 5,014,847	$ 18,293,843	$ (386,305)	$ 273,256	$ 2,999,943
Debt service as a percentage of noncapital expenditures	19.0%	19.1%	18.4%	17.1%	14.5%

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 5*

APPRAISED AND TAXABLE VALUE OF PROPERTY

Last Ten Fiscal Years

Fiscal Year	Tax Year	Appraised Residential Property [1]	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property [2]	Personal Property	Estimate for ARB & Incomplete	Less Tax Exempt Property	Net Taxable Value	Total Direct Tax Rate
2009	2008	$ 2,643,899,600	$ 1,223,438,996	$ 22,507,047	$ 9,166,448	$ 331,545,812	$ 194,478,290	$ 665,551,062	$ 3,759,485,131	0.57000
2010	2009	2,647,640,376	1,208,449,067	16,397,636	16,439,434	311,291,262	268,882,950	718,673,173	3,750,427,552	0.57000
2011	2010	2,761,524,503	1,290,764,397	23,749,165	13,867,550	302,449,010	89,691,395	879,728,309	3,602,317,711	0.57000
2012	2011	2,771,215,853	1,314,489,854	24,818,749	21,212,859	302,955,622	131,117,657	947,626,573	3,618,184,021	0.57000
2013	2012	2,785,739,578	1,381,473,075	24,346,385	47,706,246	312,039,668	84,494,809	903,068,001	3,732,731,760	0.61000
2014	2013	2,868,511,402	1,441,819,516	25,428,750	40,136,107	311,311,919	90,219,997	936,363,242	3,841,064,449	0.61000
2015	2014	3,051,185,373	1,493,156,269	27,110,792	49,727,661	324,807,300	66,663,269	956,622,434	4,056,028,230	0.61000
2016	2015	3,117,914,468	1,538,511,112	19,220,094	46,060,377	326,962,414	173,753,349	1,072,233,887	4,150,187,927	0.61000
2017	2016	3,540,397,856	1,721,550,137	26,729,937	27,615,504	312,681,455	263,198,321	1,292,478,020	4,599,695,190	0.61000
2018	2017	3,993,343,172	1,956,678,814	26,686,683	24,263,442	357,297,914	224,247,353	1,418,958,570	5,163,558,808	0.59000

Source: 2007-2015 - July 25th Tarrant Appraisal District Certified Tax Roll and City budget
2016 - December Tarrant Appraisal District Certified Tax Roll and City budget

[1] Due to a change in Tarrant Appraisal District, the structure of the information presented in the July Certified Tax Roll changed beginning in 2008.

[2] This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 6*

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(per $100 assessed value)

Last Ten Fiscal Years

Fiscal Year / **Tax Year**	**2018** / **2017**	**2017** / **2016**	**2016** / **2015**	**2015** / **2014**	**2014** / **2013**	**2013** / **2012**	**2012** / **2011**	**2011** / **2010**	**2010** / **2009**	**2009** / **2008**
Tax Rates										
City of North Richland Hills										
General fund [2]	$0.32864	$0.34808	$0.36473	$0.35058	$0.34904	$0.35108	$0.35642	$0.37022	$0.35412	$0.33875
Debt service fund [2]	0.26136	0.26192	0.24527	0.25942	0.26096	0.25892	0.21358	0.19978	0.21588	0.23125
Total tax rate [2]	$0.59000	$0.61000	$0.61000	$0.61000	$0.61000	$0.61000	$0.57000	$0.57000	$0.57000	$0.57000
Junior College [1]	$0.14006	$0.14473	$0.14950	$0.14950	$0.14950	$0.14897	$0.14897	$0.13764	$0.13767	$0.13796
Birdville School District [1]	1.45390	1.45390	1.45390	1.43500	1.43500	1.43500	1.43500	1.42500	1.40500	1.41000
Hospital [1]	0.22443	0.22790	0.22790	0.22790	0.22790	0.22790	0.22790	0.22790	0.22790	0.22790
County [1]	0.24400	0.25400	0.26400	0.26400	0.26400	0.26400	0.26400	0.26400	0.26400	0.26400
Total tax rate	$2.65239	$2.69053	$2.70530	$2.68640	$2.68640	$2.68587	$2.64587	$2.62454	$2.60457	$2.60986

Sources: [1] Tarrant County.

[2] City records.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 7*
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Year ended September 30, 2018

Taxpayer	Type of Business	2017 Assessed Valuation*	% of Total Assessed Valuation
Star Delano LLC/Star Meadows LLC	Multi Family	$ 74,231,891	1.44%
Company One, LLC	Real Estate	61,229,000	1.19%
Aragon 2014/8500 Harwood LLC	Multi Family	57,990,000	1.12%
Enclave at Hometown LP	Multi Family	40,300,000	0.78%
Columbia N Hills Hosp Sub	Healthcare Provider	38,264,078	0.74%
Wal-Mart	Retail	37,247,974	0.72%
AR-Hightower LP Etal	Multi Family	28,402,961	0.55%
VR Venue Limited Partnership	Multi Family	28,270,000	0.55%
Oncor Electric Delivery Co.	Utility Service Provider	28,205,389	0.55%
Dolce Living Hometown LLC	Multi Family	27,544,242	0.53%
		$ 421,685,535	8.17%

Year ended September 30, 2009

Taxpayer	Type of Business	2008 Assessed Valuation*	% of Total Assessed Valuation
Wal-Mart	Retail	$ 65,187,259	1.73%
Hospital Corporation of America	Healthcare Provider	45,042,523	1.20%
Western RIM Investors LP	Real Estate	43,634,317	1.16%
Oncor Electric Delivery Co.	Utility Service Provider	28,558,415	0.76%
BGPC Equestrian	Real Estate	25,850,000	0.69%
Delaware Oak River LLC	Property Developer	23,000,000	0.61%
Mega Life & Health Ins. Co.	Insurance Provider	19,439,255	0.52%
Company One, LLC	Real Estate	19,164,236	0.51%
Venue at Home Town, LTD	Property Developer	18,444,510	0.49%
AR - Hightower LP Etal	Real Estate	17,800,000	0.47%
		$ 306,120,515	8.14%

* Source: Tarrant Appraisal District

The Maker Spot is a 4,500 sq. ft. makerspace on the second floor of the NRH Library. The Maker Spot is a community workspace where Library cardholders can come to create, explore, collaborate and innovate. The Maker Spot, opened in 2015, was funded by a Special Projects grant from the Texas State Library and Archives and the Institute for Museum and Library Services.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 8*
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

				Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Amount	Percent of Levy	Amount	Amount	Percent of Levy
2009	2008	$ 0.57000	$ 21,429,065	$ 21,268,426	99.25%	$ 100,158	$ 21,368,584	99.72%
2010	2009	0.57000	21,377,437	21,115,928	98.78%	156,501	21,272,429	99.51%
2011	2010	0.57000	20,533,211	20,281,233	98.77%	145,540	20,426,774	99.48%
2012	2011	0.57000	20,623,649	20,370,425	98.77%	85,105	20,455,530	99.18%
2013	2012	0.61000	22,769,664	22,175,814	97.39%	100,046	22,275,859	97.83%
2014	2013	0.61000	23,430,493	22,797,806	97.30%	105,071	22,902,877	97.75%
2015	2014	0.61000	24,472,461	23,954,022	97.88%	114,085	24,068,106	98.35%
2016	2015	0.61000	25,342,035	24,810,326	97.90%	59,740	24,870,066	98.14%
2017	2016	0.61000	28,102,997	27,221,718	96.86%	98,895	27,320,613	97.22%
2018	2017	0.59000	30,455,592	29,254,234	96.06%	147,739	29,401,974	96.54%

(dollars in thousands, except per capita)

	General Bonded Debt				
Fiscal Year	Estimated Population [1]	Net Taxable Value [2]	General Obligation Bonds	Certificates of Obligation	Loans Payable
2009	66,100	$ 3,759,485	$ 39,810	$ 7,229	$ 1,550
2010	66,400	3,750,428	41,725	8,255	1,625
2011	63,420	3,602,318	41,000	9,575	1,242
2012	63,420	3,618,184	64,269	33,330	840
2013	63,420	3,732,732	68,945	30,910	311
2014	65,690	3,841,064	79,927	36,050	-
2015	66,300	4,056,028	77,893	50,105	-
2016	69,204	4,150,188	72,330	46,330	-
2017	69,768	4,599,695	66,220	49,485	-
2018	69,600	5,163,559	60,145	44,825	-

	Other Gov't Activities Debt	Business-Type Activities			
Fiscal Year	Sales Tax Revenue bonds	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Business-type Activities
2009	$ 3,600	$ 2,350	$ 11,254	$ -	$ 13,604
2010	2,640	1,890	11,285	-	13,175
2011	1,645	1,405	12,610	-	14,015
2012	615	2,211	16,415	388	19,014
2013	210	1,760	15,300	317	17,377
2014	105	1,693	15,280	245	17,218
2015	-	1,812	13,670	163	15,645
2016	-	2,970	14,980	92	18,042
2017	-	2,755	13,605	253	16,613
2018	-	2,430	12,455	175	15,060

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Table 13 for additional population statistics.

[2] See Table 5 for additional information on net taxable value.

[3] Includes general bonded debt, other governmental activities debt, and business-type activities debt, net of premiums and discounts.

Fiscal Year	Total General Bonded Debt	Percentage of Net Taxable Value	General Bonded Debt Per Capita [1]
2009	$ 48,589	1.29%	735
2010	51,605	1.38%	777
2011	51,817	1.44%	817
2012	98,439	2.72%	1,552
2013	100,166	2.68%	1,579
2014	115,977	3.02%	1,766
2015	127,998	3.16%	1,931
2016	118,660	2.86%	1,715
2017	115,705	2.52%	1,658
2018	104,970	2.03%	1,508

Fiscal Year	Total Primary Government [3]	Total Bonded Debt Per Capita [1]	Percentage of Per Capita Income [1]
2009	$ 65,793	$ 995	3.31%
2010	67,420	1,015	3.40%
2011	67,477	1,064	3.37%
2012	118,068	1,862	5.97%
2013	117,753	1,857	5.79%
2014	133,300	2,029	6.39%
2015	143,643	2,167	6.73%
2016	136,702	1,975	6.07%
2017	132,318	1,897	5.49%
2018	120,030	1,725	4.95%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Table 13 for additional population statistics.

[2] See Table 5 for additional information on net taxable value.

[3] Includes general bonded debt, other governmental activities debt, and business-type activities debt, net of premiums and discounts.

The North Richland Hills Parks & Recreation Facilities Development Corporation Capital Improvement Program is funded through a voter approved half-cent sales tax authorized to fund the development of parks and recreational facilities for the community. The Corporation was established following voter approval in January 1992.

Since its inception in 1992, many accomplishments have been achieved. 528 acres of park land have been acquired, offering the following parks and recreational services to our citizens:

- 20 miles of multi-use trails creating a complete network of trails throughout the City
- 7 community parks
- 13 neighborhood parks
- 9 linear parks
- Richland Tennis Center
- NRH_2O Family Water Park
- Tipps Canine Hollow Dog Park
- Davis Emerald Pocket Park
- Stormy Plaza
- NRH Senior Center
- Common Ground NRH Community Garden

The 7 member Board of Directors is appointed by City Council and comprised of 4 City Council members and 3 citizen members.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 10*

DIRECT ANC ESTIMATED OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Last Ten Fiscal Years

Taxing Jurisdiction	Net Bonded Outstanding Debt	Overlapping Percentage Applicable [2]	Overlapping City Share of Overlapping Debt
City of North Richland Hills	$ 119,765,000 [1]	100.00%	$ 119,765,000
Birdville ISD	253,562,467	48.34%	122,572,097
Hurst-Euless-Bedford ISD	299,715,000	0.06%	179,829
Keller ISD	680,508,707	3.86%	26,267,636
Tarrant County	294,500,000	3.04%	8,952,800
Tarrant County Hospital District	19,300,000	3.04%	586,720
Total Overlapping Debt			$ 158,559,082
Total Direct and Overlapping Debt			$ 278,324,082

Source: Municipal Advisory Council of Texas

[1] Includes self-supporting debt.

[2] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF NORTH RICHLAND HILLS, TEXAS ***Table 11***
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

Fiscal Year	Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2009	$ 3,759,485,131	$56,392,277	$6,716,239	$49,676,038	11.91%
2010	3,750,427,552	56,256,413	8,149,644	48,106,769	14.49%
2011	3,602,317,712	54,034,766	9,263,791	44,770,975	17.14%
2012	3,618,184,021	54,272,760	7,567,382	46,705,378	13.94%
2013	3,732,731,760	55,990,976	8,768,411	47,222,565	15.66%
2014	3,841,064,449	57,615,967	9,565,203	48,050,764	16.60%
2015	4,056,028,230	60,840,423	11,196,142	49,644,281	18.40%
2016	4,150,187,927	62,252,819	12,709,626	49,543,193	20.42%
2017	4,599,695,190	68,995,428	11,668,135	57,327,293	16.91%
2018	5,163,558,808	77,453,382	16,751,884	60,701,498	21.63%

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 12*
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenues	Less: Current Expenditures	Net Revenue Available	Debt Service Principal	Debt Service Interest	Debt Service Total [1]	Coverage
	Park and Recreation Facilities Development Sales Tax Revenue Bonds						
2009	$ 4,077,162	$ 2,990,209 [2]	$ 1,086,953	$ 920,000	$ 187,763	$1,107,763	0.98
2010	4,211,692	3,027,159	1,184,533	960,000	167,000	1,127,000	1.05
2011	4,179,388	3,284,467	894,921	995,000	123,349	1,118,349	0.80
2012	4,241,341	5,580,061	(1,338,720) [3]	1,030,000	80,075	1,110,075	(1.21)
2013	4,343,358	5,729,298 [4]	(1,385,940) [3]	405,000	31,315	436,315	(3.18)
2014	4,506,169	5,559,713 [4]	(1,053,544) [3]	355,000	117,243	472,243	(2.23)
2015	4,648,841	5,703,671 [4]	(1,054,830) [3]	455,000	109,153	564,153	(1.87)
2016	4,837,974	5,896,984 [4]	(1,059,010) [3]	240,000	89,055	329,055	(3.22)
2017	4,964,710	6,235,946 [4]	(1,271,236) [3]	240,000	80,393	320,393	(3.97)
2018	5,140,554	6,328,312	(1,187,758) [3]	430,000	197,685	627,685	(1.89)

[1] Includes interest and fiscal agent charges.

[2] 2009 current expenditures totaling $4,090,209 found in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental Funds includes a one time TIF transfer of $1.1M for the Recreation Center project. For purposes of pledged revenue coverage current expenditures have been reduced by this amount.

[3] Bond covenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

[4] Excludes capital outlay.

CITY OF NORTH RICHLAND HILLS, TEXAS ***Table 13***

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Estimated Population [2]	Median Income [6]	Per Capita Income [6]	Median Age [6]	Education Level [6, 7]	School Enrollment [1, 5]	Unemployment Rate [3]
2009	66,100	$ 67,850	$ 30,084	35.6	91%	11,179	5.5%
2010	66,400	68,082	29,882	35.6	91%	11,431	6.9%
2011	63,420 [4]	63,594	31,615	38.0	91%	11,615	7.3%
2012	63,420	78,911	31,175	38.2	91%	10,843	6.3%
2013	63,420	82,051	32,079	38.4	91%	10,883	5.5%
2014	65,690	81,100	31,766	38.5	95%	10,795	4.9%
2015	66,300	66,475	32,176	38.6	92%	11,452	3.3%
2016	69,204	65,121	32,549	38.9	92%	11,206	3.8%
2017	69,768	66,884	34,520	39.1	92%	10,970	3.8%
2018	69,600	67,812	34,839	39.2	93%	10,917	3.4%

Data Sources:

[1] Birdville Independent School District

[2] North Central Texas Council of Governments and City estimates

[3] Texas Employment Commission

[4] Population was adjusted based on census.

[5] Includes North Richland Hills students only

[6] ESRI Business Information Solutions, Inc.

[7] Reported as a percentage of residents with a high school diploma or greater

The annual NRH Holiday Magic Christmas Tree Lighting & Family Festival is held each December with activities including visits from Santa and Mrs. Claus, children's activities, craft vendors, performances on the community stage, and a holiday-themed fireworks show.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 14*

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Year ended September 30, 2018

Employer	Employees [3]	Percentage of Total City Employment *
Santander Consumer USA, Inc.	1,500	3.88%
Wal-Mart Supercenters	786	2.03%
Birdville ISD[1]	761	1.97%
Medical City North Hills	615	1.59%
City of North Richland Hills	538	1.39%
Tarrant County College - NE Campus[2]	474	1.23%
Tyson Prepared Foods	380	0.98%
Health Markets	350	0.90%
Stericycle	350	0.90%
XPO Logistics	260	0.67%
	6,014	15.54%

Year ended September 30, 2009

Employer	Employees [3]	Percentage of Total City Employment *
Health Markets	1,400	4.05%
Birdville ISD[1]	1,122	3.24%
North Hills Hospital	825	2.39%
Triad Financial Corporation	675	1.95%
City of North Richland Hills	616	1.78%
TCC - NE Campus[2]	495	1.43%
Wal-Mart Supercenter	443	1.28%
Wal-Mart Supercenter	441	1.27%
Silverleaf Resorts	421	1.22%
Tyson Prepared Food	410	1.19%
	6,848	19.80%

[1]Number denotes employees working in schools in the City of North Richland Hills.

[2]Split with Hurst.

[3]Actual number of employees employed at time of reporting.

* Source: City records

	Full-time Equivalent Employees as of September 30,				
Function	**2018**	**2017**	**2016**	**2015**	**2014**
General government					
Administration	7.00	6.00	5.00	5.00	4.70
Public information	3.00	3.00	4.00	4.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.00	23.00	23.00	23.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	12.30	10.30	10.30	10.30
Neighborhood services	21.78	19.73	19.73	19.73	18.75
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.50	3.50	3.50	3.75
Total general government	90.08	86.53	85.53	85.53	84.50
Public safety					
Police	195.86	203.13	193.88	191.88	189.88
Fire	94.00	94.00	94.00	91.00	91.00
Total public safety	289.86	297.13	287.88	282.88	280.88
Culture and recreation					
Parks and recreation	148.25	161.95	163.48	162.10	162.70
Library	27.74	27.53	28.03	27.11	27.11
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	178.99	192.48	194.51	192.21	192.81
Public works	79.70	69.43	79.18	78.18	78.18
Internal services					
Building services	13.88	13.63	15.63	15.63	15.73
Equipment services	13.00	13.00	13.00	13.00	13.00
Self-insurance	5.00	5.00	5.00	5.00	5.10
Information services	12.00	12.00	12.00	12.00	12.00
Total internal services	43.88	43.63	45.63	45.63	45.83
Total full-time equivalents	682.51	689.20	692.73	684.43	682.20

Source: City operating budget

[1]Consolidated services with Haltom City, City of Richland Hills and City of Watauga for Communication and Detention Centers.

[2]Increase due to new staff members for the Recreations Center.

	Full-time Equivalent Employees as of September 30,				
Function	**2013**	**2012**	**2011**	**2010**	**2009**
General government					
Administration	4.70	4.70	4.70	3.70	4.75
Public information	4.00	4.00	4.00	5.00	5.00
Judicial	15.00	15.00	15.00	15.50	15.50
Finance	22.00	23.00	23.00	23.00	23.50
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	10.30	8.30	8.30	9.30	11.30
Neighborhood services	18.75	18.75	18.75	18.75	19.75
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.75	3.75	3.75	6.75	6.75
Total general government	83.50	82.50	82.50	87.00	91.55
Public safety					
Police	187.88	186.88 [1]	165.20	164.22	165.22
Fire	91.00	90.00	88.00	91.00	91.00
Total public safety	278.88	276.88	253.20	255.22	256.22
Culture and recreation					
Parks and recreation	160.25 [2]	145.55	121.53	118.76	118.90
Library	27.11	27.11	28.58	28.16	28.16
Economic development	4.00	3.00	3.00	3.00	3.00
Total culture and recreation	191.36	175.66	153.11	149.92	150.06
Public works	79.68	77.68	77.68	78.68	79.68
Internal services					
Building services	15.23	16.23	16.23	16.36	16.36
Equipment services	13.00	13.00	13.00	13.50	11.65
Self-insurance	5.10	5.10	5.10	5.10	6.00
Information services	12.00	11.00	11.00	11.00	12.00
Total internal services	45.33	45.33	45.33	45.96	46.01
Total full-time equivalents	678.75	658.05	611.82	616.78	623.52

Source: City operating budget

[1]Consolidated services with Haltom City, City of Richland Hills and City of Watauga for Communication and Detention Centers.

[2]Increase due to new staff members for the Recreations Center.

	Fiscal Year				
Function	**2018**	**2017**	**2016**	**2015**	**2014**
General Government					
Planning and inspections					
Construction					
Commercial units	21	31	20	65	35
Commercial value	$67,800,454	$53,156,352	$13,603,082	$11,481,833	$14,309,733
Residential units	234	233	238	122	321
Residential value	$80,589,505	$81,180,734	$75,615,139	$36,838,614	$27,754,692
Public safety					
Police					
Law violations [1]	2,697	2,772	2,595	3,144	3,014
Part one offenses	1,830	1,662	1,560	1,868	1,644
Traffic violations	7,721	18,404	17,566	21,305	17,052
Calls for service	123,112	120,098	111,984	112,313	107,393
Case clearance %	47%	52%	23%	28%	23%
Fire					
Total responses	8,354	8,205	7,932	7,475	7,276
Fire responses	2,691	2,567	2,402	2,221	2,412
EMS responses	5,663	5,638	5,530	5,254	4,864
% responses < 5 minutes	66%	56%	64%	74%	70%
Total inspections	3,201	2,549	3,143 [11]	1,232	1,201
Culture and recreation					
Parks and recreation					
Water park admissions	184,064	202,515	221,101	227,525	219,077
Golf rounds played	42,953	49,147	47,873	43,250	45,339
Library					
Number of volumes	164,482	179,303	174,156	214,867	202,103
Annual circulation	778,166	764,520	814,070	939,022	854,452
Annual loans per capita	11.18	10.96	11.76	14.16	13.01
Public Works					
Water					
Avg daily consumption [2]	1,247,915	1,153,565	1,160,247	1,165,254	1,219,696
Peak daily consumption [2]	2,614,572	2,096,524	2,614,973	2,582,620	2,441,043
Streets					
Street overlay - miles	7	6	4	4	4
Concrete pavement repair - sq. ft.	5,166	13,921	14,052	3,113	6,258
Pothole repair - sq. ft.	4,800	3,018	4,767	4,467	2,677
Street cut - sq. ft.	93,310	147,676	162,607	153,559	163,910
Sign fabrication	1,599	1,332	1,215	1,179	850

Source: City Records

[1]Excludes traffic violations.

[2]Cubic feet.

[3]Remodels included in error.

[4]FY 2009-2010 calculated on a Fiscal Year basis and additional call types now being tracked.

[5]Reported from the National Incident-Based Reporting System annual report.

[6]Decline in response time is due to in-town traffic increasing because of the Hwy 820 expansion causing a longer drive time.

[7]Reinspections are down due to corrected violations.

[8]Inspection numbers unavailable for the year due to changes in the computer record management system and procedures.

[9]Conversion to new computer record management system incomplete therefore Company Inspections are unavailable.

[10]Decrease due to the installation of the Fibre Crete this year.

[11]Increase in inspections is due to it being the first year that the record keeping has been fully migrated/implemented/online and pushed out to the companies as well as working out issues with the iPads and Firehouse software (RMS system) program.

	Fiscal Year				
Function	**2013**	**2012**	**2011**	**2010**	**2009**
General Government					
Planning and inspections					
Construction					
Commercial units	25	91 [3]	24	47	41
Commercial value	$15,498,935	$ 7,533,480 [3]	$ 3,489,824	$ 4,578,000	$ 3,790,657
Residential units	189	168	122	66	55
Residential value	$46,472,244	$42,138,527	$27,218,868	$14,289,559	$ 13,295,377
Public safety					
Police					
Law violations [1]	3,215	3,463	3,574 [5]	4,071	4,270
Part one offenses	1,960	1,791	2,075 [5]	3,452	3,190
Traffic violations	22,215	22,155	20,733	24,747	25,111
Calls for service	114,269	115,644	137,243	137,645 [4]	123,877
Case clearance %	58%	26%	42%	40%	41%
Fire					
Total responses	7,189	7,064	6,850	6,555	6,551
Fire responses	2,275	2,235	1,762	1,371	1,617
EMS responses	4,914	4,829	5,088	5,184	4,934
% responses < 5 minutes	58%	70%	51% [6]	73%	73%
Total inspections	768 [9]	- [8]	2,005 [7]	2,169	2,308
Culture and recreation					
Parks and recreation					
Water park admissions	242,490	272,336	270,845	242,554	231,379
Golf rounds played	48,229	50,524	51,264	47,594	54,373
Library					
Number of volumes	204,302	206,840	200,982	196,042	192,044
Annual circulation	771,994	947,883	840,667	828,889	764,195
Annual loans per capita	12.17	14.95	13.26	12.48	11.56
Public Works					
Water					
Avg daily consumption [2]	1,278,326	1,306,524	1,521,220	1,205,104	1,213,697
Peak daily consumption [2]	2,624,198	2,938,102	3,091,043	2,627,674	2,751,337
Streets					
Street overlay - miles	1	4	6	4	5
Concrete pavement repair - sq. ft.	6,488	5,322	9,372	16,163	12,655
Pothole repair - sq. ft.	2,152	4,577	3,974	6,786	4,303
Street cut - sq. ft.	86,160 [10]	176,844	162,577	193,400	162,446
Sign fabrication	973	852	935	953	1,119

Source: City Records

[1]Excludes traffic violations.

[2]Cubic feet.

[3]Remodels included in error.

[4]FY 2009-2010 calculated on a Fiscal Year basis and additional call types now being tracked.

[5]Reported from the National Incident-Based Reporting System annual report.

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	Fiscal Year				
Function	**2018**	**2017**	**2016**	**2015**	**2014**
Public safety					
Police Protection					
Stations	1	1	1	1	1
Fire					
Stations	5	5	5	4	4
Fire hydrants	2,279	2,256	2,251	2,219	2,202
Culture and recreation					
Parks and recreation					
Parks and recreation	39	39	34	33	33
Park acreage	899	899	735	734	734
Playgrounds	22	22	22	22	22
Trails - miles	31	31	31	30	30
Golf courses	1	1	1	1	1
Recreations centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works					
Water mains - miles	372	371	370	367	356
Water connections	22,492	22,233	21,988	21,329	21,141
Wastewater lines - miles	257	256	255	252 [3]	293
Wastewater connections	20,711	20,430	20,212	19,919	19,761
Storm drain - miles	139	139	139	139	139
Streets - miles	244	241	241	238	238
Street lights	2,948	2,550	2,545	2,545	2,545

Source: City Records

[1]Department implemented a complete inventory system in 2009 that will provide more accurate counts.

[2]New Senior Center in NRH Centre combined/closed Dan Echols and Bursey Road Senior Citizens Centers

[3]Department's system inventory report was calculated by outside source.

	Fiscal Year				
Function	**2013**	**2012**	**2011**	**2010**	**2009**
Public safety					
Police Protection					
Stations	1	1	1	1	1
Fire					
Stations	4	4	4	4	4
Fire hydrants	2,162	2,127	2,125	2,139	2,100 [1]
Culture and recreation					
Parks and recreation					
Parks and recreation	33	33	33	32	32
Park acreage	709	709	709	708	708
Playgrounds	20	20	20	20	20
Trails - miles	21	21	21	20	20
Golf courses	1	1	1	1	1
Recreations centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1 [2]	2	2	2
Library					
Libraries	1	1	1	1	1
Public Works					
Water mains - miles	355	351	346	356	341 [1]
Water connections	20,936	20,792	20,522	20,420	20,302
Wastewater lines - miles	292	290	288	288	285 [1]
Wastewater connections	19,603	19,469	19,240	19,141	19,068
Storm drain - miles	139	139	139	139	139
Streets - miles	238	238	238	237	235
Street lights	2,545	2,545	2,540	2,531	2,525

Source: City Records

[1]Department implemented a complete inventory system in 2009 that will provide more accurate counts.

[2]New Senior Center in NRH Centre combined/closed Dan Echols and Bursey Road Senior Citizens Centers

[3]Department's system inventory report was calculated by outside source.

The North Richland Hills City Hall opened in May 2016. The 182,000 square foot for the new facility includes about 89,000 square feet for Public Safety operations, about 78,500 square feet for City Hall and about 14,500 square feet for Municipal Court. Prior to the opening of City Hall, city services were housed in six buildings on three different campuses.